

**REVISED  
GENERAL RULES  
OF THE  
SALT UMBRELLA PENSION FUND**

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# **GENERAL RULES OF THE SALT UMBRELLA PENSION FUND**

## **1 INTRODUCTION**

### **1.1 Name and commencement**

- (a) The SALT Umbrella Pension Fund (the FUND) was established with effect from 1 April 2010.
- (b) With effect from 1 November 2024 (the REVISION DATE) the GENERAL RULES of the FUND were revised in order to ensure that all amendments are incorporated in one document and to update the GENERAL RULES in accordance with current legislation and best practice.
- (c) These revised GENERAL RULES are effective from the REVISION DATE, even if the Financial Sector Conduct Authority (the AUTHORITY) registers them after the REVISION DATE.

### **1.2 Objects**

- (a) The object of the FUND is to provide retirement and other ancillary benefits for MEMBERS of the FUND who are employees or former employees of PARTICIPATING EMPLOYERS.

### **1.3 Legal status**

- (a) The FUND is a legal person which means it can sue and be sued in its own name, it can own property and it may do all things that a natural person with full legal capacity would be able to do to exercise its powers and perform its functions in terms of the RULES.

### **1.4 Registered office**

- (a) The registered office of the FUND is at Hertford Office Park Building B, 90 Bekker Road, Vorna Valley, Midrand, 1685.

## 1.5 **General Rules and Special Rules**

- (a) The RULES of the FUND consist of these GENERAL RULES and the SPECIAL RULES.
- (b) The GENERAL RULES are binding on all PARTICIPATING EMPLOYERS and MEMBERS of the FUND.
- (c) The specific provisions applicable to each PARTICIPATING EMPLOYER and its MEMBERS are set out in the SPECIAL RULES. The provisions of the SPECIAL RULES reflect the information set out in the PARTICIPATING EMPLOYER APPLICATION in respect of each PARTICIPATING EMPLOYER.
- (d) Each set of SPECIAL RULES will be registered as an amendment to the GENERAL RULES.
- (e) SPECIAL RULES registered prior to the REVISION DATE will remain in force after registration of these revised GENERAL RULES.
- (f) The SPECIAL RULES are supplementary to the GENERAL RULES and in the event of a conflict between the provisions of the GENERAL RULES and the SPECIAL RULES, the provisions of the GENERAL RULES will prevail.

## 2 DEFINITIONS AND INTERPRETATION

2.1 In the RULES, unless inconsistent with the context or a contrary intention appears:

- (a) words and expressions defined in the ACT and not in the RULES will bear the meanings given to them in the ACT;
- (b) words and expressions importing one gender will include the other genders;
- (c) words and expressions denoting the singular number will include the plural and vice versa; and
- (d) references to a natural person will include a juristic person and vice versa.

2.2 The headings are solely for ease of reference and will not be considered in the interpretation of the RULES.

2.3 The following words and expressions bear the meanings assigned to them below and cognate expressions have corresponding meanings, namely:

**ACT** means the Pension Funds Act, No. 24 of 1956, any subordinate legislation issued in terms of that legislation and any amendments to the legislation or subordinate legislation that may apply from time to time.

**ACTUARY** means a natural person who is a fellow member of the Actuarial Society of South Africa or any other institution approved by the AUTHORITY by notice in the Government Gazette.

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

**ADMINISTRATION AGREEMENT** means the agreement between the FUND and the ADMINISTRATOR, in which the terms and conditions of the appointment by the BOARD of the ADMINISTRATOR are recorded.

**ADMINISTRATION FEES** mean the fees payable to the ADMINISTRATOR

as agreed between the BOARD and the ADMINISTRATOR and reflected in the ADMINISTRATION AGREEMENT.

**ADMINISTRATOR** means the entity appointed by the BOARD to attend to the day-to-day administration of the FUND, provided that the entity must have been approved by the AUTHORITY in terms of section 13B of the ACT.

**AFSA** means the Arbitration Foundation of South Africa.

**ANNUITY** means a compulsory, non-commutable amount, payable in regular instalments for and based on the lifetime of a retiring MEMBER or to a BENEFICIARY (and his spouse, if a joint life and survivor annuity is elected), which shall not be capable of being transferred, assigned, reduced, hypothecated or attached by creditors as contemplated in Sections 37A and 37B of the ACT, and which shall include a LIVING ANNUITY.

**ANNUITY PROVIDER** means a REGISTERED INSURER or any other product supplier, as defined in the Financial Advisory and Intermediary Services Act, No. 37 of 2002, approved by the AUTHORITY to provide an ANNUITY.

**ANNUITY STRATEGY** means the strategy adopted by the BOARD in accordance with the provisions of Regulation 39 to the ACT.

**APPROVED FUND** means an APPROVED PENSION FUND, an APPROVED PENSION PRESERVATION FUND, an APPROVED PROVIDENT FUND, an APPROVED PROVIDENT PRESERVATION FUND and an APPROVED RETIREMENT ANNUITY FUND.

**APPROVED PENSION FUND** means a fund that is registered as a pension fund organisation in terms of the ACT and is approved as a pension fund in terms of the INCOME TAX ACT.

**APPROVED PENSION PRESERVATION FUND** means a fund that is registered as a pension fund organisation in terms of the ACT and is

approved as a pension preservation fund in terms of the INCOME TAX ACT.

**APPROVED PROVIDENT FUND** means a fund that is registered as a pension fund organisation in terms of the ACT and is approved as a provident fund in terms of the INCOME TAX ACT.

**APPROVED PROVIDENT PRESERVATION FUND** means a fund that is registered as a pension fund organisation in terms of the ACT and is approved as a provident preservation fund in terms of the INCOME TAX ACT.

**APPROVED RETIREMENT ANNUITY FUND** means a fund that is registered as a pension fund organisation in terms of the ACT and is approved as a retirement annuity fund in terms of the INCOME TAX ACT.

**AUDITOR** means the auditor appointed by the BOARD in terms of the RULES, who is registered as an auditor in terms of the Auditing Profession Act, No. 26 of 2005 and who is approved by the AUTHORITY.

**AUTHORITY** means the Financial Sector Conduct Authority established in terms of the Financial Sector Regulation Act, No. 9 of 2017.

**BENEFICIARY** means a potential beneficiary as defined in the ACT, i.e. a DEPENDANT or a NOMINEE.

**BOARD** means the board of management of the FUND established in terms of the RULES.

**BOARD MEMBER** means a person who has been appointed to serve as a member of the BOARD in terms of the RULES.

**CALCULATION DATE** means the date on which the ADMINISTRATOR, acting in terms of the agreed practice of the FUND, calculates a MEMBER'S benefit following receipt of a completed election form or, in the case of a death benefit, following the death of the MEMBER.

**COMMENCEMENT DATE** means 1 April 2010 and for a PARTICIPATING

EMPLOYER that commences participation in the FUND after the COMMENCEMENT DATE, it means the date on which that PARTICIPATING EMPLOYER commences its participation in the FUND, as reflected in the applicable PARTICIPATING EMPLOYER APPLICATION and SPECIAL RULES. In the SPECIAL RULES, PARTICIPATION DATE shall have a corresponding meaning.

**COMPLAINANT** means a person or entity defined as such in the ACT.

**COMPLAINT** means a dispute defined as a complaint in the ACT.

**CONSULTING FEES** means the fees payable to a FINANCIAL SERVICES PROVIDER appointed by a PARTICIPATING EMPLOYER in terms of a consulting agreement.

**DEFERRED RETIREE** means a MEMBER who has retired from SERVICE in accordance with the RULES but who has not reached his ELECTED RETIREMENT DATE.

**DEPENDANT** in relation to a MEMBER means a person defined as such in terms of the ACT.

**DEPUTY PRINCIPAL OFFICER** means the person, if any, appointed as such in terms of the RULES, as envisaged in the ACT.

**DISABILITY INCOME POLICY** means a separate policy of insurance issued by a REGISTERED INSURER to a PARTICIPATING EMPLOYER, to provide disability income benefits to employees of the PARTICIPATING EMPLOYER, which benefits are provided separate from the FUND.

**DISABLED** means disabled as defined in the policy of insurance issued by a REGISTERED INSURER to the FUND in order to underwrite an INSURED DISABILITY BENEFIT. **DISABLEMENT** will have a corresponding meaning.

**ELECTED RETIREMENT DATE** means the date on which a MEMBER, including a DEFERRED RETIREE and a PAID-UP MEMBER, elects to retire and receive his retirement benefit from the FUND, provided that in the

case of a PAID-UP MEMBER he must have attained the age of fifty-five (55) years or be permanently incapable of carrying on his occupation due to sickness, accident, injury, or incapacity through infirmity of mind or body.

**ELIGIBLE EMPLOYEE** means an employee of a PARTICIPATING EMPLOYER who meets the eligibility requirements of the SPECIAL RULES applicable to that PARTICIPATING EMPLOYER.

**EXPENSE RESERVE ACCOUNT** means the contingency reserve account established to provide for the GOVERNANCE EXPENSES of the FUND.

**EXPENSES** mean ADMINISTRATION FEES, CONSULTING FEES and GOVERNANCE EXPENSES.

**FINANCIAL SERVICES PROVIDER** means a person certified by the AUTHORITY to render financial advice and/or intermediary services in terms of the Financial Advisory and Intermediary Services Act, No. 37 of 2002.

**FINANCIAL YEAR** means the twelve-month period commencing on the 1st day of April of each year and ending on the last day of March of the following year.

**FINANCIAL YEAR END** means the last day of June in each year.

**FUND** means the SALT Umbrella Pension Fund.

**FUND CREDIT** means in respect of a MEMBER, the realized value of the assets underlying the MEMBER'S INDIVIDUAL ACCOUNT as at the CALCULATION DATE.

**GENERAL RULES** means these rules, as amended from time to time, which apply to all PARTICIPATING EMPLOYERS.

**GOVERNANCE EXPENSES** means expenses related to the management of the FUND, other than ADMINISTRATION FEES and CONSULTING FEES, which include, but are not limited to the following:

- (a) Audit fees;
- (b) Actuarial and valuation fees, if applicable;
- (c) Legal fees;
- (d) Fees payable to any other expert advisor appointed by the BOARD;
- (e) Remuneration and refunds of expenses paid to INDEPENDENT BOARD MEMBERS, the PRINCIPAL OFFICER, and the DEPUTY PRINCIPAL OFFICER;
- (f) Levies and fees payable by the FUND to the AUTHORITY;
- (g) Premiums payable in respect of the Fidelity Guarantee and Professional Indemnity Policy issued to the FUND;
- (h) Tracing fees (if not debited against the MEMBER'S INDIVIDUAL ACCOUNT); and
- (i) All other costs, fees and expenses incurred or authorised by the BOARD in the management and operation of the FUND other than ADMINISTRATION FEES.

**INCOME TAX ACT** means the Income Tax Act, No. 58 of 1962, including any legislated amendments and notes issued by the Commissioner for the South African Revenue Service effective from time to time.

**INDEPENDENT BOARD MEMBER** means a BOARD MEMBER who is not employed by, nor has a substantial financial interest in, the SPONSOR, any service provider of the FUND, a PARTICIPATING EMPLOYER or any subsidiary or associated entities of the SPONSOR, a service provider or a PARTICIPATING EMPLOYER.

**INDIVIDUAL ACCOUNT** means the sum of:

- (a) Contributions paid by the MEMBER and/or the PARTICIPATING EMPLOYER net of EXPENSES, contributions in respect of RISK

BENEFITS, and premiums in respect of UNAPPROVED RISK BENEFITS; plus

- (b) Transfer values received by the FUND in respect of the MEMBER from another APPROVED FUND other than an APPROVED RETIREMENT ANNUITY FUND; less
- (c) Any GOVERNANCE EXPENSES incurred in respect of the MEMBER only, including but not limited to tracing fees and any other fees incurred in the distribution of benefits to the MEMBER or his BENEFICIARIES; less
- (d) Amounts in respect of EXPENSES that are not or cannot be deducted from contributions; less
- (e) Amounts required to be transferred to the EXPENSE RESERVE ACCOUNT to fund a deficit; less
- (f) Amounts paid to an ANNUITY PROVIDER to purchase an ANNUITY, following the retirement or death of a MEMBER; less
- (g) Payments and transfers to another APPROVED FUND; less
- (h) Payment of any cash benefit to the MEMBER or any of their BENEFICIARIES,

Increased or decreased by INVESTMENT EARNINGS on the assets underlying the account.

**INSURED DEATH BENEFIT** means the amount payable by the FUND upon the death of a MEMBER in SERVICE over and above the MEMBER'S FUND CREDIT, as set out in the SPECIAL RULES, which is underwritten by a policy of insurance issued to the FUND by a REGISTERED INSURER.

**INSURED DISABILITY BENEFIT** means the amount payable by the FUND upon the DISABLEMENT of a MEMBER in SERVICE over and above the MEMBER'S FUND CREDIT, as set out in the SPECIAL RULES, which is underwritten by a policy of insurance issued to the FUND by a

REGISTERED INSURER.

**INVESTMENT EARNINGS** mean:

(a) in respect of each INVESTMENT PORTFOLIO, the investment yield achieved by that INVESTMENT PORTFOLIO; and

(b) interest contemplated in Rule 5.3(f); and

(c) bank interest, where applicable,

less INVESTMENT EXPENSES.

**INVESTMENT EXPENSES** mean taxes, levies, fees, expenses, and any other costs related to the investment of the assets of the FUND.

**INVESTMENT MANAGER** means a FINANCIAL SERVICES PROVIDER, registered by the AUTHORITY to render investment management services and a stockbroker referred to in the Financial Markets Act, No. 19 of 2012.

**INVESTMENT POLICY STATEMENT** means the policy adopted by the BOARD in accordance with the regulations prescribed in terms of the ACT, in which the investment objectives and strategy of the FUND are recorded.

**INVESTMENT PORTFOLIO** means any portfolio of investment instruments managed by an INVESTMENT MANAGER.

**LIVING ANNUITY** means an ANNUITY defined as a living annuity in terms of the INCOME TAX ACT.

**MANAGEMENT COMMITTEE** means the natural persons appointed and elected to represent the MEMBERS and the PARTICIPATING EMPLOYER in their dealings with the FUND.

**MEMBER** means a person who has been admitted to membership of the FUND in terms of the RULES and who has not received all the benefits due to him in terms of the RULES and will, unless indicated otherwise, include a DEFERRED RETIREE and a PAID-UP MEMBER.

**NOMINEE** means a person, other than a DEPENDANT, who has been nominated in writing by a MEMBER to receive all or part of the death benefits provided by the FUND, provided that a MEMBER'S nomination form completed in the APPROVED FUND from which the assets and liabilities in respect of the MEMBER are being transferred will remain valid and enforceable until a new nomination form has been received by the FUND.

**NON-RESIDENT MEMBER** means 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.

**NORMAL RETIREMENT AGE** means the age specified as such in the SPECIAL RULES for MEMBERS employed by a PARTICIPATING

EMPLOYER.

**NORMAL RETIREMENT DATE** means the last day of the month in which a MEMBER attains his NORMAL RETIREMENT AGE.

**PAID-UP MEMBER** means a MEMBER whose benefit remains in the FUND following termination of SERVICE for reasons other than death or retirement.

**PAID-UP MEMBERSHIP CERTIFICATE** means a certificate issued to:

- (a) a PAID-UP MEMBER by the FUND, containing information about his membership details and paid-up benefit held in the FUND; or
- (b) a MEMBER by another APPROVED FUND, containing information about his membership details and paid-up benefit held in that fund,

as prescribed in terms of the ACT.

**PARTICIPATING EMPLOYER** means an entity whose PARTICIPATING EMPLOYER APPLICATION has been approved by the BOARD and which has been admitted to participation in the FUND.

**PARTICIPATING EMPLOYER APPLICATION** means the written application of an entity to participate in the FUND, which must include information regarding the eligibility conditions, MEMBER categories, NORMAL RETIREMENT AGES, RISK BENEFITS, contribution rates and any other benefits and conditions in respect of the employees in its SERVICE who are to become MEMBERS of the FUND.

**PENSIONABLE EMOLUMENTS** mean that part of a MEMBER'S annual remuneration package communicated as such to the ADMINISTRATOR in writing by the PARTICIPATING EMPLOYER.

**PRINCIPAL OFFICER** means the person appointed as such in terms of the RULES.

**REGISTERED INSURER** means an insurer registered in terms of the

Insurance Act, No. 18 of 2017.

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

- (a) the available INVESTMENT PORTFOLIOS;
- (b) the terms of the ANNUITY STRATEGY;
- (c) the terms and process by which the FUND handles any paid-up or deferred benefits; and
- (d) any other options available to MEMBERS.

**RETIREMENT COMPONENT** in respect of a MEMBER means that part of his INDIVIDUAL ACCOUNT that comprises:

- (a) Two-thirds (2/3) of the contributions paid by the MEMBER and/or the PARTICIPATING EMPLOYER net of EXPENSES, contributions in respect of RISK BENEFITS, and premiums in respect of UNAPPROVED RISK BENEFITS; plus
- (b) That portion of any transfer values received by the FUND from an APPROVED FUND other than an APPROVED RETIREMENT ANNUITY FUND, in respect of the MEMBER, that represents the MEMBER'S retirement component in that APPROVED FUND; plus
- (c) Transfers from the SAVINGS COMPONENT or the VESTED COMPONENT; less
- (d) Transfers to the retirement component of the MEMBER in another APPROVED FUND; less
- (e) A proportionate share of any GOVERNANCE EXPENSES incurred in respect of the MEMBER only, including but not limited to tracing fees and any other fees incurred in the distribution of benefits to the MEMBER or his BENEFICIARIES; less

- (f) A proportionate share in respect of EXPENSES that are not or cannot be deducted from contributions; less
- (g) A proportionate share of amounts required to be transferred to the EXPENSE RESERVE ACCOUNT to fund a deficit; less
- (h) Amounts paid to an ANNUITY PROVIDER to purchase an ANNUITY, following the retirement or death of a MEMBER; less
- (i) Payment of any cash benefit to the MEMBER or any of their BENEFICIARIES; less
- (j) A proportionate share of any deduction made in terms of section 37D of the ACT,

Increased or decreased by INVESTMENT EARNINGS on the assets underlying the component.

**REVISION DATE** means 1 November 2024.

**RISK BENEFITS** means INSURED DEATH BENEFITS and/or INSURED DISABILITY BENEFITS.

**RISK SALARY** means that part of a MEMBER'S annual remuneration package that is used to determine the RISK BENEFIT amounts and the premiums payable in respect of such benefits.

**RULES** mean the registered GENERAL RULES and the registered SPECIAL RULES, including any registered amendments.

**SAVINGS COMPONENT** in respect of a MEMBER means that part of his INDIVIDUAL ACCOUNT that comprises:

- (a) The opening balance equal to 10% of the value of the members share immediately prior to 1 September 2024 or the ELECTION DATE or 10% of the value of the MEMBER'S INDIVIDUAL ACCOUNT immediately prior to the ELECTION DATE if that is after the REVISION DATE, subject to a maximum amount of R30,000,

provided that this amount shall be proportionately deducted from the VESTED PRE-ANNUITISATION BENEFIT and the balance of the VESTED COMPONENT; plus

- (b) One-third (1/3) of the contributions paid by the MEMBER and/or the PARTICIPATING EMPLOYER net of EXPENSES, contributions in respect of RISK BENEFITS, and premiums in respect of UNAPPROVED RISK BENEFITS; plus
- (c) That portion of any transfer values received by the FUND from an APPROVED FUND other than an APPROVED RETIREMENT ANNUITY FUND, in respect of the MEMBER, that represents the MEMBER'S savings component in that APPROVED FUND; less
- (d) Transfers to the RETIREMENT COMPONENT; less
- (e) Annual savings withdrawals; less
- (f) Transfers to the savings component of the MEMBER in another APPROVED FUND; less
- (g) A proportionate share of any GOVERNANCE EXPENSES incurred in respect of the MEMBER only, including but not limited to tracing fees and any other fees incurred in the distribution of benefits to the MEMBER or his BENEFICIARIES; less
- (h) A proportionate share in respect of EXPENSES that are not or cannot be deducted from contributions; less
- (i) A proportionate share of amounts required to be transferred to the EXPENSE RESERVE ACCOUNT to fund a deficit; less
- (j) Amounts paid to an ANNUITY PROVIDER to purchase an ANNUITY, following the retirement or death of a MEMBER; less
- (k) Payment of any cash benefit to the MEMBER or any of their BENEFICIARIES; less

- (l) A proportionate share of any deduction made in terms of section 37D of the ACT,

Increased or decreased by INVESTMENT EARNINGS on the assets underlying the component,

Provided that there will be no SAVINGS COMPONENT in respect of a MEMBER who left SERVICE prior to 1 September 2024 and had made an election to receive a benefit in accordance with the provisions of the RULES.

**SERVICE** means employment with a PARTICIPATING EMPLOYER provided that SERVICE is deemed to include any period during which a MEMBER is in receipt of a disability income benefit in terms of a DISABILITY INCOME POLICY.

**SPECIAL RULES** means the rules, as amended from time to time, which apply to a specific PARTICIPATING EMPLOYER.

**SPONSOR** means SALT Employee Benefits (Pty) Limited.

**TAX YEAR** means the period from 1 March each year until the last day of February of the following year.

**UNAPPROVED RISK BENEFITS** mean benefits provided outside the FUND by way of an employer-owned policy or policies issued to a PARTICIPATING EMPLOYER by a REGISTERED INSURER, which may include, *inter alia*, funeral benefits, disability income benefits and group life benefits.

**UNCLAIMED BENEFITS** mean unclaimed benefits as defined in the ACT.

**UNCLAIMED BENEFITS FUND** means an unclaimed benefits fund as defined in the ACT.

**VESTED COMPONENT** in respect of a MEMBER means that part of his INDIVIDUAL ACCOUNT that comprises:

- (a) An opening balance equal to their members share immediately prior to 1 September 2024 or the ELECTION DATE or the value of the MEMBER'S INDIVIDUAL ACCOUNT immediately prior to the ELECTION DATE if that is after the REVISION DATE, less the amount allocated to the SAVINGS COMPONENT; plus
- (b) That portion of any transfer value received by the FUND from an APPROVED FUND, other than an APPROVED RETIREMENT ANNUITY FUND, in respect of the MEMBER that represents the MEMBER'S vested component in that APPROVED FUND; less
- (c) Transfers to the RETIREMENT COMPONENT; less
- (d) Transfers to the vested component of the MEMBER in another APPROVED FUND; less
- (e) A proportionate share of any GOVERNANCE EXPENSES incurred in respect of the MEMBER only, including but not limited to tracing fees and any other fees incurred in the distribution of benefits to the MEMBER or his BENEFICIARIES; less
- (f) A proportionate share in respect of EXPENSES that are not or cannot be deducted from contributions; less
- (g) A proportionate share of amounts required to be transferred to the EXPENSE RESERVE ACCOUNT to fund a deficit; less
- (h) Amounts paid to an ANNUITY PROVIDER to purchase an ANNUITY, following the retirement or death of a MEMBER; less
- (i) Payment of any cash benefit to the MEMBER or any of their BENEFICIARIES; less
- (j) proportionate share of any deduction made in terms of section 37D of the ACT,

Increased or decreased by INVESTMENT EARNINGS on the assets underlying the component.

**VESTED PRE-ANNUITISATION BENEFIT** means any amount transferred to the FUND in respect of the MEMBER which would not have been subject to annuitisation in the APPROVED FUND from which such amount was transferred plus INVESTMENT EARNINGS on the aforementioned amounts.

### 3 GOVERNANCE AND MANAGEMENT OF THE FUND

#### 3.1 Constitution of Board

- (a) The management, control, and administration of the FUND vest in a BOARD comprising four (4) BOARD MEMBERS, of whom at least fifty percent (50%) must be INDEPENDENT BOARD MEMBERS.
- (b) The BOARD shall elect one of the BOARD MEMBERS as the chairperson of the BOARD. Such person will remain chairperson for a period of five (5) years, provided that the chairperson so elected may stand for re-election on the expiry of his term of office. If the expiry of the chairperson's term of office does not coincide with a BOARD meeting, then the chairperson's term of office will be extended to the next BOARD meeting when a chairperson will be elected for the following term.
- (c) A BOARD MEMBER must, within six (6) months from the date of the BOARD MEMBER'S appointment attain such levels of skills and training as may be prescribed by the AUTHORITY and must retain the prescribed levels of skills and training throughout his term of office. The cost of attaining and maintaining the required level of skill (excluding training undergone by an INDEPENDENT BOARD MEMBER in his personal capacity and not approved by the BOARD) will be borne by the FUND and regarded as an AD HOC EXPENSE.

#### 3.2 Appointment of Board Members

- (a) The SPONSORS shall appoint the BOARD MEMBERS as required from time to time and may appoint alternate(s) to the BOARD MEMBERS, including the INDEPENDENT BOARD MEMBER(S), provided that such alternate(s) will be roving alternates.

- (b) Alternate BOARD MEMBERS will be allowed to attend all meetings but will only have the right to exercise voting powers when acting during the absence of a BOARD MEMBER.
- (c) The SPONSOR may remove from office a BOARD MEMBER, other than an INDEPENDENT BOARD MEMBER, at any time and may appoint a new BOARD MEMBER to take his place.
- (d) A vacancy on the BOARD will be filled by an alternate to the BOARD MEMBER if there is an alternate. If there is no alternate, the SPONSOR will appoint another BOARD MEMBER to take the place of the BOARD MEMBER. A vacancy must be filled within a maximum of ninety (90) days calculated from the day the vacancy arises. A decision taken by the BOARD during the period up until the filling of the vacancy will be valid if the BOARD complies with section 7A(1) of the ACT.

### 3.3 **Term of office of Board Members**

- (a) The term of office of a BOARD MEMBER will start immediately from the date on which he was appointed and BOARD MEMBERS will hold office for five (5) years.
- (b) When a BOARD MEMBER'S term of office expires, he may be re-appointed.

### 3.4 **Cessation of term of office or removal of Board Member**

- (a) A BOARD MEMBER will remain a BOARD MEMBER until:
  - 3.4.a.1 The expiry of his term of office;
  - 3.4.a.2 He resigns by giving the BOARD written notice to that effect or he dies;
  - 3.4.a.3 He has been absent from two (2) consecutive meetings of the BOARD without the prior approval of

the BOARD'S chairperson or without good cause as determined by the chairperson;

- 3.4.a.4 He ceases to hold office in terms of Rule 3.5;
- 3.4.a.5 He is removed from office in terms of Rules 3.2(c) or (b);
- 3.4.a.6 In the case of a BOARD MEMBER, other than an INDEPENDENT BOARD MEMBER, he leaves the employment of the ADMINISTRATOR or SPONSOR if he was so employed when he was appointed; or
- 3.4.a.7 He is removed from office by the AUTHORITY in terms of the ACT.

(b) Should the BOARD receive a complaint that a BOARD MEMBER had acted in breach of his duties as a BOARD MEMBER, including a breach of any governance policy of the FUND, the majority of the BOARD MEMBERS may call upon the chairperson of the BOARD or, if the charge is made against the chairperson of the BOARD, the PRINCIPAL OFFICER, to institute disciplinary proceedings against the BOARD MEMBER. The disciplinary process must be as set out below:

- 3.4.b.1 The chairperson of the BOARD, or the PRINCIPAL OFFICER, as the case may be, must give the BOARD MEMBER at least fifteen (15) days' written notice of a hearing to be convened.
- 3.4.b.2 The notice must include the date, time, and place of the hearing as well as details of the allegations.
- 3.4.b.3 The BOARD MEMBER must be given at least ten (10) days' time to prepare a response, which must be submitted to the BOARD at least five (5) days prior to the hearing.

- 3.4.b.4 The BOARD MEMBER is not entitled to legal representation.
  - 3.4.b.5 The hearing must be properly conducted and chaired by a person appointed by the chairperson of the BOARD, who must be independent of service providers, the SPONSOR, and the BOARD and who must be familiar with the subject matter related to the dispute.
  - 3.4.b.6 The chairperson of the hearing must ensure that all allegations are thoroughly aired and responded to and that procedures set by the BOARD in this regard are adhered to.
  - 3.4.b.7 The BOARD (excluding the BOARD MEMBER in respect of whom the hearing is held) must decide on the matter once the chairperson of the hearing has closed the hearing and provided a report.
  - 3.4.b.8 The sanction imposed against the BOARD MEMBER, which may include removal from office, must be decided by a majority of the other BOARD MEMBERS.
  - 3.4.b.9 The decision must be communicated to the BOARD MEMBER in writing.
  - 3.4.b.10 Should the BOARD MEMBER be dissatisfied about the sanction imposed against him by the BOARD, he may approach the AUTHORITY.
- (c) Where a BOARD MEMBER ceases to hold office for a reason set out in this Rule , a new BOARD MEMBER will be appointed on the same basis as that contemplated in Rule 3.2, and despite that which is stated in Rule 3.3, that newly appointed BOARD MEMBER will only be appointed for the remainder of the term of the BOARD MEMBER that he replaced.

### 3.5 **Persons disqualified from being or acting as Board Members**

(a) A person may not be appointed as a BOARD MEMBER or will cease to be a BOARD MEMBER, whichever is applicable, if one of the following applies:

3.5.a.1 He becomes or is mentally or physically incapable of acting.

3.5.a.2 His estate is sequestrated or surrendered or assigned in favour of his creditors.

3.5.a.3 He has been or is convicted by a competent court of theft, fraud, forgery, or a similar offence.

3.5.a.4 A competent court discharges him from an office of trust because of misconduct.

3.5.a.5 A competent court convicts him on any charge and sentences him to a prison term without the option of a fine.

3.5.a.6 In the case of an INDEPENDENT BOARD MEMBER he does not comply with or ceases to comply with the conditions set out in a notice or guideline issued by the AUTHORITY that deals with the requirements for permanent exemption from the provisions of section 7A(1) of the ACT.

(b) A BOARD MEMBER will cease to be a BOARD MEMBER as envisaged in (a) if the majority of the remaining BOARD MEMBERS, having given him the opportunity to state his case as envisaged in the procedure set out in Rule 3.4(b), so determine.

### 3.6 **Meetings of the Board**

(a) The BOARD shall meet from time to time as is necessary to conduct the business of the FUND but no less than four (4) times

every calendar year.

- (b) The chairperson may convene a special meeting of the BOARD if the chairperson regards it as necessary. The chairperson must also convene a special meeting within ten (10) days of being so requested by at least four (4) BOARD MEMBERS, provided that such BOARD MEMBERS must provide the chairperson with written notice of the issues to be discussed at the special meeting and written reasons as to why the BOARD should not wait to discuss these issues at the next scheduled meeting of the BOARD.
- (c) Save as otherwise provided, the chairperson must cause at least ten (10) days' notice to be given of every BOARD meeting, specifying the place, date, and time of the meeting, as well as the general nature of the business to be conducted at the meeting. Unless the majority of the BOARD MEMBERS agree that other matters may be discussed at the meeting, only those issues indicated in the notice may be discussed.
- (d) All the BOARD MEMBERS will be required to constitute a quorum. A BOARD MEMBER will be regarded as present if he attends the meeting via telephone or video conference.
- (e) If a quorum is not present within forty-five (45) minutes of the time determined for the start of the meeting, the chairperson may adjourn the meeting for a period of at least seven (7) working days.
- (f) The chairperson will chair meetings of the BOARD. If the chairperson is temporarily absent or, for any other reason, is unable to perform his functions as chairperson, the BOARD MEMBERS present at the meeting must elect a person from among their number to act as chairperson during the absence or inability of the chairperson. The chairperson is responsible for the orderly conduct of the meetings and may suspend or exclude from a meeting any BOARD MEMBER who deliberately ignores the authority of the chairperson or who interferes with the orderly

functioning of the BOARD.

- (g) The BOARD must cause minutes to be kept of all meetings held by the BOARD and such minutes must be distributed to the BOARD MEMBERS within ten (10) working days of a BOARD meeting. Amendments to the minutes must be lodged during the next BOARD meeting, if no amendments are noted, the minutes of that meeting will be proposed, seconded, and signed by the chairperson at the next BOARD meeting. Once the chairperson has signed the minutes of a meeting, they will constitute *prima facie* evidence of the business transacted at the meeting.
- (h) The BOARD MEMBERS must make a reasonable effort to reach consensus on any matter. In the event of a difference of opinion the decision of the majority of those present shall be the decision of the BOARD, with each BOARD MEMBER having one vote. Decisions of the BOARD shall be taken on a show of hands or, if so required by any BOARD MEMBER present at the meeting, by ballot. The chairperson shall not have a casting vote.
- (i) In the event of a deadlock the following procedure will apply:
  - 3.6.i.1 The matter in question shall be deferred to a special meeting to be held within ten (10) working days for the specific purpose of considering the matter under dispute.
  - 3.6.i.2 If at the meeting referred to in Rule 3.6.i.1 above the matter remains in dispute, the following will apply:
    - 3.6.i.2.1 The matter shall be referred to AFSA for arbitration.
    - 3.6.i.2.2 The arbitrator shall be remunerated by the FUND.
    - 3.6.i.2.3 The decision of the arbitrator shall be final and binding on the BOARD.

- (j) A round robin resolution signed by all the BOARD MEMBERS, shall be of the same force and effect as a resolution passed at a meeting of the BOARD and must be recorded in the FUND'S minute book. The date of last signature will be the date on which the resolution is passed. The resolution may be signed electronically and may also be signed in parts if all the parts are recorded together in the FUND'S minute book. The round robin resolution must be noted at the next following meeting of the BOARD.

### 3.7 **Board to direct and control Fund**

- (a) The object of the BOARD is to direct, control and oversee the operations of the FUND in accordance with applicable laws and the RULES.
- (b) In pursuing its objectives, the BOARD must:
  - 3.7.b.1 Take all reasonable steps to ensure that the interests of MEMBERS in terms of the RULES and the provisions of the ACT are protected always, especially in the event of an amalgamation or transfer of any business contemplated in section 14 of the ACT, splitting of the FUND, termination or reduction of contributions to the FUND by a PARTICIPATING EMPLOYER, increase of contributions of MEMBERS and withdrawal of a PARTICIPATING EMPLOYER;
  - 3.7.b.2 Act with due care, diligence, and in good faith;
  - 3.7.b.3 Avoid conflicts of interest;
  - 3.7.b.4 Act with impartiality in respect of all MEMBERS;
  - 3.7.b.5 Act independently;
  - 3.7.b.6 Have a fiduciary duty to MEMBERS and BENEFICIARIES in respect of any amount accrued to

provide a benefit, as well as a fiduciary duty to the FUND, to ensure that the FUND is financially sound and is responsibly managed and governed in accordance with the RULES and the ACT; and

3.7.b.7 Ensure compliance with all requirements prescribed in the ACT.

### 3.8 Duties of the Board

(a) The duties of the BOARD will, *inter alia*, include to:

3.8.a.1 Ensure that proper registers, books, and records of the operations of the FUND are kept, including proper minutes of all resolutions passed by the BOARD;

3.8.a.2 Cause true and full accounts of the FUND to be kept in accordance with general accounting practice and any guidelines issued by the AUDITOR from time to time, such accounts to be made up to the FINANCIAL YEAR END and fairly to present the state of affairs of the FUND and its business and financial position and to be audited by the AUDITOR;

3.8.a.3 Ensure that adequate and appropriate information is communicated to the MEMBERS, subject to such disclosure requirements as may be required;

3.8.a.4 Take all reasonable steps to ensure that the monthly contributions are paid in a timely manner to the ADMINISTRATOR in accordance with section 13A of the ACT;

3.8.a.5 Obtain expert advice on matters in respect of which the BOARD may lack sufficient expertise;

3.8.a.6 Ensure that the RULES, operation, and administration of the FUND complies with the ACT and all other

applicable laws and any other duties imposed by the RULES;

3.8.a.7 Open a bank account in the name of the FUND;

3.8.a.8 Procure that every contract or other document pertaining to the FUND be signed by such persons as the BOARD by resolution appoints and if applicable, in the manner set out in the ACT;

3.8.a.9 Adopt an INVESTMENT POLICY STATEMENT, considering the long-term interests of the FUND and its MEMBERS. The policy and strategy must include guidelines on:

3.8.a.9.1 the investment objectives of the FUND;

3.8.a.9.2 the nature of the INVESTMENT PORTFOLIOS, which are appropriate to those objectives with reference, if appropriate, to different categories of MEMBERS;

3.8.a.9.3 the types of INVESTMENT PORTFOLIOS, which the FUND is prepared to accept and those that it is not prepared to accept;

3.8.a.9.4 how to go about regularly reviewing the performance of the INVESTMENT PORTFOLIOS;

3.8.a.10 Adopt an ANNUITY STRATEGY and to review such strategy as prescribed in the Regulations to the ACT;

(b) The reference to the specific duties of the BOARD above will not in any way derogate from the other common law and statutory duties of the BOARD.

- (c) Any BOARD MEMBER on becoming aware of any material matter relating to the affairs of the FUND which, in the opinion of the BOARD MEMBER, may seriously prejudice the financial viability of the FUND or its MEMBERS, must inform the AUTHORITY thereof in writing as soon as reasonably possible.
- (d) Any BOARD MEMBER, within twenty-one (21) days of removal, for reasons other than the expiration of that BOARD MEMBER'S term of appointment or voluntary resignation, must submit a written report to the AUTHORITY detailing the BOARD MEMBER'S perceived reasons for the termination.

### 3.9 Powers of the Board

- (a) The BOARD will, subject to the RULES, have all such powers as may be exercised by the FUND in terms of this Rule and any powers specifically granted to the BOARD in the RULES, provided that such specific powers will not in any way be construed as derogating from the general powers of the FUND.
- (b) The BOARD will have the power, subject to the provisions of the ACT and of this Rule to make investments, to invest, lend, put out at interest, place on deposit, make advances of, or otherwise deal with all the monies of the FUND upon such security and in such manner as it from time to time may determine and to dispose of, realise, vary, reinvest, or otherwise deal with such securities and other investments as it from time to time may determine.
- (c) The power of the BOARD to make investments and to realise, vary, reinvest, or otherwise deal with the securities concerned, may be delegated by the BOARD, on such terms and conditions as they may specify to:
  - 3.9.c.1 A subcommittee; or
  - 3.9.c.2 An INVESTMENT MANAGER,

Provided that the BOARD will not be liable for the negligence, dishonesty or fraud of an institution or a person referred to above.

- (d) The BOARD will have the power to establish nominee or other companies or trusts approved by the AUTHORITY or authorise an approved nominee company to hold the assets of the FUND for the effective investment of the FUND'S assets.
- (e) The FUND may obtain an overdraft from a bank, or borrow from any other party, on such terms as it thinks fit, such sum as it approves for the purpose of completing any investment, or meeting any temporary unforeseen cash shortage, and for this purpose may give such security as it decides, provided that the aggregate amount of such loans does not at any time exceed one-half of the FUND'S gross income from all sources during the immediately preceding FINANCIAL YEAR unless otherwise authorised by the AUTHORITY.
- (f) The investment of the assets of the FUND underlying a MEMBER'S INDIVIDUAL ACCOUNT will be invested in accordance with the MEMBER'S or a PARTICIPATING EMPLOYER'S selection, whichever applies. Such selection shall be limited to a range of INVESTMENT PORTFOLIOS made available by the BOARD in terms of its INVESTMENT POLICY STATEMENT. If the PARTICIPATING EMPLOYER, or a MEMBER, as the case may be, fails to select the INVESTMENT PORTFOLIO(S), the assets attributable to the applicable MEMBER, or MEMBERS in SERVICE of that PARTICIPATING EMPLOYER (if the PARTICIPATING EMPLOYER is required to select the INVESTMENT PORTFOLIO(S)) will be allocated in accordance with the default investment strategy adopted by the BOARD in terms of its INVESTMENT POLICY STATEMENT.
- (g) The BOARD has the power to reinsure the RISK BENEFITS with a REGISTERED INSURER and to effect policies of insurance with one or more REGISTERED INSURERS for this purpose.

- (h) The BOARD has the power to contract on behalf of the FUND and to sign such contract or other document on behalf of the FUND, to institute legal action or process for the FUND and to conduct, settle or abandon such action or process, to defend or settle legal action or process instituted against the FUND.
- (i) The BOARD has the power to make, amend and rescind policies and procedures in respect of a matter concerning the FUND, provided that such policies and procedures do not conflict with the RULES, the ACT, the INCOME TAX ACT, and any other relevant legislation.
- (j) The BOARD has the power to amend the RULES, provided that no amendment affecting the financial obligation of a PARTICIPATING EMPLOYER will be made without the prior approval of the PARTICIPATING EMPLOYER.
- (k) The BOARD has the power to appoint an ADMINISTRATOR and enter into an ADMINISTRATION AGREEMENT with the ADMINISTRATOR.
- (l) The BOARD is entitled, in its absolute discretion, to appoint consultants, investment advisers, INVESTMENT MANAGERS, legal advisers and other service providers to assist the BOARD in performing its duties and functions where it considers this necessary or prudent.
- (m) The BOARD may, in accordance with the provisions of section 14 of the ACT, amalgamate any business carried on by the FUND with any business carried on by any other person, or transfer any business carried on by the FUND to any other person, or accept transfer of any business from any other person to the FUND.
- (n) The BOARD will have the power to furnish a guarantee in favour of a person other than the FUND in respect of a loan granted or to be granted by such other person to a MEMBER for the purposes set out in section 19 of the ACT.

- (o) The BOARD will have the power to take, generally, such steps as are, in its discretion, conducive to the attainment of the objects of the FUND.

### 3.10 Delegation of powers by the Board and sub-committees

- (a) The BOARD may, in writing, delegate any of its powers to another person or a sub-committee of the BOARD.
- (b) A sub-committee of the BOARD must be chaired by an INDEPENDENT BOARD MEMBER.
- (c) The BOARD may constitute the following sub-committees as it considers appropriate from time to time:
  - 3.10.c.1 Audit and risk sub-committee;
  - 3.10.c.2 Administration sub-committee;
  - 3.10.c.3 Investment sub-committee;
  - 3.10.c.4 Communication and education sub-committee; and
  - 3.10.c.5 Death and Disability sub-committee.
- (d) Provided that the list of sub-committees as contained above shall not be deemed to be an exhaustive list.
- (e) When constituting a sub-committee the BOARD may co-opt MEMBERS and industry experts to form part of such sub-committee.
- (f) The mandate of each sub-committee will specify:
  - 3.10.f.1 when meetings of that sub-committee are to be held;
  - 3.10.f.2 how notice of sub-committee meetings is to be given to the members thereof;
  - 3.10.f.3 how a quorum is to be formed; and

3.10.f.4 the manner in which minutes of meeting will be recorded.

- (g) It is deemed that when a Rule empowers the BOARD to perform a function or duty, that the BOARD may delegate the power concerned unless the context clearly indicates otherwise.
- (h) The delegation referred to above must be made in terms of a written mandate that provides that the powers and responsibilities delegated may be revoked at any time; that the person or sub-committee of the BOARD must act within the mandate; and whether the delegation includes decision-making powers or whether decisions made in terms of the delegation must be ratified by the BOARD. In addition, it is specifically provided that the BOARD remains accountable for any decision of the person or sub-committee to whom a power or responsibility is delegated.

### 3.11 **Confidentiality of information**

- (a) The BOARD and all BOARD MEMBERS will be entitled to only such information from a PARTICIPATING EMPLOYER or MEMBER as the BOARD may require for the exercise of its duties in terms of the law and the RULES.
- (b) Such information will be used only for purposes of the BOARD performing its duties in terms of the RULES and will not be disclosed to any person or body other than an office-bearer or employee of the FUND, the REGISTERED INSURERS, if any, which the FUND has entered contracts with for the reinsurance of the RISK BENEFITS, the ADMINISTRATOR, if applicable, or such other service provider that may require the information for the performance of its functions.
- (c) The BOARD and all BOARD MEMBERS will observe the provisions of the Protection of Personal Information Act, No 4 of 2013.

### 3.12 Principal Officer and monitoring person

- (a) The BOARD shall appoint a PRINCIPAL OFFICER in terms of the ACT and the provisions of any applicable directive issued in terms of the ACT. The BOARD may change such appointment in its sole discretion.
- (b) The provisions of the ACT and any applicable directive issued in terms of the ACT will apply in respect of the appointment, notification of, and removal of the PRINCIPAL OFFICER as well as in respect of any reports which the PRINCIPAL OFFICER may be required to give the AUTHORITY.
- (c) The PRINCIPAL OFFICER shall perform all the functions required to fulfil his duties in terms of the ACT, the RULES, and the directions of the BOARD.
- (d) If the PRINCIPAL OFFICER is absent from the Republic of South Africa or is otherwise unable to perform the PRINCIPAL OFFICER'S duties, the BOARD shall, within such time period as may be prescribed by the AUTHORITY after the commencement of the continuing absence or inability to perform the duties, appoint another person as PRINCIPAL OFFICER, provided that if there is a DEPUTY PRINCIPAL OFFICER, the DEPUTY PRINCIPAL OFFICER will act as PRINCIPAL OFFICER for the period of absence or inability until the appointment of a PRINCIPAL OFFICER.
- (e) The BOARD may appoint a DEPUTY PRINCIPAL OFFICER to assist the PRINCIPAL OFFICER with the PRINCIPAL OFFICER'S duties. The BOARD may terminate the appointment of the DEPUTY PRINCIPAL OFFICER at any time, subject to the provisions of any agreement that the FUND may enter with the DEPUTY PRINCIPAL OFFICER and appoint a new DEPUTY PRINCIPAL OFFICER in such person's place.

- (f) The PRINCIPAL OFFICER may delegate any functions to the DEPUTY PRINCIPAL OFFICER subject to such conditions as the PRINCIPAL OFFICER may determine and subject further to the provisions dealing with delegation above, in so far as they apply. The PRINCIPAL OFFICER is not divested or relieved of a function delegated to the DEPUTY PRINCIPAL OFFICER and may withdraw the delegation at any time.
- (g) The PRINCIPAL OFFICER will be the monitoring person for monitoring and reporting to the BOARD on the timeous payment of contributions to the FUND unless the BOARD appoints another person to fulfil this role.
- (h) The BOARD may, subject to the provisions of section 13A(6) of the ACT appoint a monitoring person to perform such monitoring and compliance functions as contemplated in section 13A of the ACT read with Conduct Standards issued by the AUTHORITY from time to time.

### 3.13 **Remuneration of Independent Board Members, Principal Officer and Deputy Principal Officer**

- (a) The INDEPENDENT BOARD MEMBERS, PRINCIPAL OFFICER, and the DEPUTY PRINCIPAL OFFICER shall be entitled to such remuneration for attending meeting and performing other services in their capacities as office bearers, as they may agree with the BOARD from time to time, provided that such remuneration is market related.
- (b) The BOARD shall determine the nature of expenses to be refunded to the BOARD MEMBERS, the PRINCIPAL OFFICER and the DEPUTY PRINCIPAL OFFICER.

### 3.14 **Actuary**

- (a) Unless the FUND is exempted from compliance with the provisions of sections 9A and 16 of the ACT, the BOARD shall appoint an

ACTUARY and shall, within thirty (30) days from the date of such appointment, apply to the AUTHORITY for approval of such appointment.

- (b) Should the AUTHORITY refuse to approve or withdraw approval of the appointment of the ACTUARY, the FUND shall appoint another ACTUARY, subject to the approval of the AUTHORITY.
- (c) The BOARD may rescind the appointment of the ACTUARY at any time and appoint another ACTUARY at its discretion.
- (d) The ACTUARY will be the valuator of the FUND in terms of the ACT and will, in addition to the function of valuator, perform such other functions as may be specified in the RULES.
- (e) Unless the FUND is exempted from compliance with the provisions of sections 9A and 16 of the ACT, the BOARD shall procure that an ACTUARY will value the FUND at intervals not exceeding three years. Such valuation will be referred to as a statutory valuation. Within twelve months (12) of the statutory valuation date the ACTUARY will be required to submit a valuation report to the BOARD, who must submit a copy thereof to the AUTHORITY. A copy of the valuation report or a summary thereof in the prescribed format will be open for inspection by the PARTICIPATING EMPLOYERS and MEMBERS at the registered office of the FUND.
- (f) The BOARD may request the ACTUARY to perform an interim valuation from time to time. The scope of such an interim valuation will be agreed between the BOARD and the ACTUARY. The provisions regarding the submission and inspection of the valuation report will not apply to the interim valuation.
- (g) The BOARD must maintain such records as may be required by the ACTUARY to perform a statutory or interim valuation as referred to above.

- (h) The provisions above dealing with the appointment and replacement of the ACTUARY will be subject to the provisions of the ACT.

### 3.15 Auditor and financial statements

- (a) The BOARD shall appoint an AUDITOR and shall, within thirty (30) days of such appointment, apply to the AUTHORITY for approval of the appointment.
- (b) Should the AUTHORITY refuse to approve or withdraw approval of the appointment of the AUDITOR, the BOARD shall appoint another AUDITOR, subject to the approval of the AUTHORITY.
- (c) The BOARD may rescind the appointment of the AUDITOR at any time and appoint another AUDITOR at its discretion.
- (d) In order to perform his functions and duties, the AUDITOR has:
- 3.15.d.1 The right of access at all reasonable times to the accounting records and all books, vouchers, documents, and other property of the FUND;
- 3.15.d.2 The right to require from the BOARD such information and explanations as he deems necessary;
- 3.15.d.3 The right to investigate whether there are adequate measures and procedures for the proper application of sound economical, efficient, and effective management of the FUND and for the utilisation of all the resources under the control of the BOARD; and
- 3.15.d.4 The right to investigate any matter, including the efficiency and effectiveness of the internal control of the FUND, relating to expenditure by and the revenue of the FUND.
- (e) The BOARD shall in respect of each FINANCIAL YEAR, within a

period of six (6) months after the FINANCIAL YEAR END in question, prepare and submit such statements and reports as required by the ACT to the AUTHORITY, provided that where prescribed in the ACT, such statements and reports must be duly audited and reported on by the AUDITOR.

- (f) The provisions above dealing with the appointment and replacement of the AUDITOR will be subject to the provisions of the ACT.

### 3.16 **Records**

- (a) The BOARD must ensure that accurate and complete records are kept of all MEMBERS, BENEFICIARIES, PARTICIPATING EMPLOYERS and of matters essential to the efficient administration of the FUND.

### 3.17 **Disputes**

- (a) If a COMPLAINANT is dissatisfied about any aspect relating to the interpretation of the RULES, the administration of the FUND, the payment of any benefit, a decision of the BOARD or any other related matter, the COMPLAINANT may lodge a written COMPLAINT with the FUND as permitted in terms of section 30A of the ACT.
- (b) The COMPLAINT must set out the basis for the dispute in writing and the BOARD must ensure that the COMPLAINT is dealt with as required in terms of the ACT and that the decision is communicated to the COMPLAINANT.
- (c) If the COMPLAINANT is not satisfied with the decision referred to above or if the FUND fails to reply to the COMPLAINT within thirty (30) days of receipt of the COMPLAINT, the COMPLAINANT may lodge the COMPLAINT with the ADJUDICATOR in terms of the ACT.

- (d) Subject to the provisions of Rule 3.18, should any other dispute, which does not fall within the definition of a COMPLAINT, arise between the BOARD and another person or entity regarding the management or operation of the FUND, and such matter cannot be resolved between the BOARD and the other person or entity, then:

3.17.d.1 The matter may be referred to arbitration by the BOARD or the dissatisfied party in accordance with the rules of the AFSA. The party who decides to refer the matter to arbitration must give notice of the intention to exercise such a right to the other party not later than three months from the date that the BOARD declares that it has reached its final decision on the matter, or that the BOARD declares that the dispute remains unresolved. Prior to the commencement of arbitration proceedings, the person who applies for arbitration must furnish such security for costs of the arbitration as may reasonably be required. The decision of the arbitrator shall be final and binding and the costs of arbitration shall follow the award of the arbitrator; or

3.17.d.2 Legal proceedings may be instituted in a court of law.

### 3.18 **Claims against the Fund and Participating Employers**

- (a) A MEMBER will not have any claim against the FUND in respect of the *bona fide* investment of the assets of the FUND.
- (b) No person will have any claim concerning the FUND either upon the FUND, the BOARD, the SPONSOR, or a PARTICIPATING EMPLOYER, except in accordance with the RULES.
- (c) The RULES will not in any way be interpreted as restricting the right of a PARTICIPATING EMPLOYER to terminate the employment of a MEMBER lawfully and will not grant the MEMBER any additional rights in this regard.

### 3.19 Indemnity and insurance

- (a) The BOARD, alternate BOARD MEMBERS, officers of the FUND and persons to whom they have delegated their functions will not be personally liable for decisions taken or actions authorized except if such decisions or actions constitute gross negligence, dishonesty, or fraud.
- (b) The BOARD shall safeguard the FUND against loss by insuring the FUND against loss due to the negligence, gross negligence, dishonesty, or fraud of any of the officers of the FUND (including a BOARD MEMBER) as envisaged in the ACT.

### 3.20 Signature of Documents

- (a) Subject to the provisions of Rules 3.6(j) and (b), all documents or contracts entered into by the FUND, shall be binding upon the FUND provided that such documents have been signed:
  - 3.20.a.1 By the chairperson, at a duly constituted meeting of the BOARD; or
  - 3.20.a.2 Outside of a meeting, by the persons so authorized by way of round robin resolution or by way of resolution adopted at a meeting of the BOARD.
- (b) All documents to be deposited with the AUTHORITY in terms of the ACT shall be signed in the manner prescribed by the ACT.

### 3.21 Registration and approval of Fund

- (a) It is recorded that the FUND has been registered in accordance with the provisions of the ACT and approved in terms of the INCOME TAX ACT. The BOARD must take such steps as may be required for the continued approval of the FUND in terms of the INCOME TAX ACT.
- (b) The BOARD must apply for an exemption from the requirement that

MEMBERS have the right to elect at least 50% (fifty percent) of the BOARD MEMBERS as permitted in terms of the provisions of section 7B(b)(i) of the ACT.

The BOARD shall apply for the registration of the GENERAL RULES and the SPECIAL RULES applicable to each PARTICIPATING EMPLOYER.

## 4 PARTICIPATING EMPLOYER PARTICIPATION AND MEMBERSHIP

### 4.1 Participating Employer participation

- (a) Any entity may apply to become a PARTICIPATING EMPLOYER in the FUND. Such application shall be made to the BOARD by means of a PARTICIPATING EMPLOYER APPLICATION which shall include options with regard to, *inter alia*:
- 4.1.a.1 Eligibility Conditions;
  - 4.1.a.2 The applicable NORMAL RETIREMENT AGE;
  - 4.1.a.3 The RISK BENEFITS (if any), together with the definition of RISK SALARY;
  - 4.1.a.4 The definition of PENSIONABLE EMOLUMENTS;
  - 4.1.a.5 Rates of contributions, including details as to whether MEMBERS and/or the PARTICIPATING EMPLOYER is liable for EXPENSES and whether or not contributions are inclusive or exclusive of EXPENSES or some types of EXPENSES;
  - 4.1.a.6 Any other specific conditions which may apply.
- (b) The BOARD, in its sole discretion, may approve or decline such application and, if approved, admit such entity to participate in the FUND.
- (c) The BOARD shall arrange for SPECIAL RULES in respect of MEMBERS employed by the relevant entity to be drafted, provided that the provisions of such SPECIAL RULES shall reflect the conditions set out in the PARTICIPATING EMPLOYER APPLICATION.
- (d) Once the SPECIAL RULES have been registered, the entity shall become a PARTICIPATING EMPLOYER with effect from the

participation date stipulated in the PARTICIPATING EMPLOYER APPLICATION and the SPECIAL RULES.

#### 4.2 **Management Committees**

- (a) The BOARD must invite each PARTICIPATING EMPLOYER to appoint a MANAGEMENT COMMITTEE comprising at least 2 (two) persons, at least fifty percent (50%) of whom should be elected by the MEMBERS employed by the PARTICIPATING EMPLOYER.
- (b) If a MANAGEMENT COMMITTEE is put in place, it's duties will include, but not be limited to:
  - 4.2.b.1 To convey to the BOARD concerns expressed by the MEMBERS employed by the PARTICIPATING EMPLOYER;
  - 4.2.b.2 To assist the BOARD by providing relevant information to enable the BOARD to exercise required discretions in respect of the relevant MEMBERS.
- (c) A MANAGEMENT COMMITTEE is not authorised to act for or on behalf of the BOARD, it may not provide services to the FUND, and it does not constitute a governance structure of the FUND.
- (d) Neither the BOARD nor the FUND will be responsible or liable for any act performed or not performed by a MANAGEMENT COMMITTEE.

#### 4.3 **Member eligibility and admission**

- (a) Subject to the provisions of (b), membership of the FUND is a condition of employment for every person who becomes an ELIGIBLE EMPLOYEE on or after the COMMENCEMENT DATE. Each such ELIGIBLE EMPLOYEE, as advised to the FUND by the PARTICIPATING EMPLOYER in writing, will become a MEMBER of the FUND on the first day on which he becomes an ELIGIBLE

EMPLOYEE.

- (b) An employee who entered SERVICE prior to the COMMENCEMENT DATE is not obliged to become a MEMBER but may elect to become a MEMBER at any time following that date.
- (c) A MEMBER who becomes entitled to a disability benefit in terms of the provisions of the DISABILITY INCOME POLICY may be deemed, for the purposes of the FUND, to remain employed by his PARTICIPATING EMPLOYER while receiving such benefit and if so deemed, will remain a MEMBER of the FUND. Contributions by the MEMBER and his PARTICIPATING EMPLOYER will continue to be payable, unless otherwise stated in the SPECIAL RULES.

#### 4.4 **Absence**

- (a) When a MEMBER is absent from SERVICE for any reason and is in receipt of his full normal remuneration or partial remuneration, contributions to the FUND by and on behalf of the MEMBER will continue. The PARTICIPATING EMPLOYER must, in the case of a MEMBER in receipt of partial remuneration, advise the FUND whether the MEMBER'S PENSIONABLE EMOLUMENTS and RISK SALARY are to be reduced accordingly or not. The cost and amount of RISK BENEFITS will be based on the applicable RISK SALARY, provided that if the contributions are not sufficient to meet the cost of EXPENSES and RISK BENEFITS the contributions must be increased to meet those costs, failing which a deduction from the MEMBER'S INDIVIDUAL ACCOUNT will be made.
- (b) When a MEMBER is absent from SERVICE for any reason and is not in receipt of any remuneration, the PARTICIPATING EMPLOYER must advise the FUND which of the following options apply:

- 4.4.b.1 That contributions to the FUND by and in respect of the MEMBER shall cease, in which case no RISK BENEFITS shall be payable and the cost of EXPENSES will be deducted from the MEMBER'S INDIVIDUAL ACCOUNT;
- 4.4.b.2 For all contributions by and in respect of the MEMBER to continue, in which case his PENSIONABLE EMOLUMENTS and RISK SALARY immediately prior to his absence shall apply and the RISK BENEFITS shall be payable accordingly;
- 4.4.b.3 That contributions by and in respect of the MEMBER shall cease, but that contributions in respect of the cost of RISK BENEFITS and EXPENSES shall continue, in which case the RISK SALARY immediately prior to his absence shall apply and the RISK BENEFITS shall be payable accordingly.

#### 4.5 **Termination of Membership**

- (a) Unless specifically provided for in the RULES, no MEMBER may terminate membership of the FUND while the MEMBER remains in SERVICE.
- (b) The membership of a MEMBER ceases when there is no benefit in the FUND, accrued or payable, in respect of that MEMBER.
- (c) A MEMBER who leaves SERVICE because of the transfer of his contract of employment to another employer in terms of section 197 of the Labour Relations Act, 1995, may be permitted to remain a MEMBER of the FUND for such period and on such conditions as the BOARD may determine provided that, for that period, the new employer of that MEMBER shall be deemed to be a PARTICIPATING EMPLOYER as defined in the RULES. On the expiry of the period the following will apply, as directed by the new employer:

- 4.5.c.1 Where the new employer participates in an APPROVED PROVIDENT FUND or an APPROVED PENSION FUND, the MEMBERS' FUND CREDITS may be transferred to that APPROVED PROVIDENT FUND or APPROVED PENSION FUND in which the new employer participates, subject to the provisions of section 14 of the ACT;
- 4.5.c.2 If the new employer does not participate in an APPROVED PROVIDENT FUND or an APPROVED PENSION FUND, the MEMBERS' FUND CREDITS may be transferred to an APPROVED PROVIDENT PRESERVATION FUND, an APPROVED PENSION PRESERVATION FUND or an APPROVED RETIREMENT ANNUITY FUND of the MEMBER'S choice, subject to the provisions of section 14 of the ACT.
- (d) A MEMBER who leaves the SERVICE of one PARTICIPATING EMPLOYER to immediately commence SERVICE with another PARTICIPATING EMPLOYER, will be deemed to have remained in SERVICE and will continue to be a MEMBER of the FUND. The SPECIAL RULES applicable to his former PARTICIPATING EMPLOYER shall cease to apply with effect from the termination of his SERVICE with the former PARTICIPATING EMPLOYER. The SPECIAL RULES applicable to the subsequent PARTICIPATING EMPLOYER shall apply with effect from the date on which he becomes an ELIGIBLE EMPLOYEE in terms of those SPECIAL RULES. The MEMBER shall have no claim against the FUND in terms of the SPECIAL RULES applicable to the former PARTICIPATING EMPLOYER in so far as benefits and contributions applicable after the date of termination of SERVICE with the former PARTICIPATING EMPLOYER are concerned.

#### 4.6 Provision of information

- (a) When required by the FUND or a REGISTERED INSURER insuring RISK BENEFITS, a MEMBER must produce an identity document, birth certificate or other satisfactory evidence of age in respect of himself and of his DEPENDANTS and/or NOMINEES and shall give the BOARD or REGISTERED INSURER such other information, including but not limited to contact information, as the BOARD may require for the purposes of the FUND.
- (b) If a MEMBER fails to comply with this requirement the BOARD may withhold payment of any benefit or any part thereof due to, or in respect of, such MEMBER until the provisions are complied with.
- (c) The FUND will not be liable for any loss sustained by a BENEFICIARY arising from any misstatements or errors or omissions in any information supplied in terms of the RULES.

#### 4.7 Paid-up Membership Certificates

- (a) A PAID-UP MEMBER must be provided with a PAID-UP MEMBERSHIP CERTIFICATE within two (2) calendar months of the FUND becoming aware that the MEMBER has left the SERVICE of the PARTICIPATING EMPLOYER.
- (b) The FUND must request, in a manner and within the period prescribed, a list of all PAID-UP MEMBERSHIP CERTIFICATES in respect of any retirement savings of a person who becomes a MEMBER.
- (c) The FUND must request, for each PAID-UP MEMBERSHIP CERTIFICATE, whether the MEMBER wishes that the retirement savings referred to in that PAID-UP MEMBERSHIP CERTIFICATE be transferred to the FUND.
- (d) If a MEMBER wishes his retirement savings in respect of a PAID-UP MEMBERSHIP CERTIFICATE to be transferred to the FUND,

the FUND must arrange for such transfer, without any charge being levied as permitted in terms of Rule 5.1(c).

**4.8 Effect on terms of employment**

- (a) These RULES are not conditions of employment and shall in no way restrict the right of a PARTICIPATING EMPLOYER to terminate the employment of any MEMBER or affect any agreement between a PARTICIPATING EMPLOYER and an ELIGIBLE EMPLOYEE in regard to conditions of SERVICE.

## 5 CONTRIBUTIONS

### 5.1 Member contributions

- (a) Each MEMBER in SERVICE shall contribute a monthly amount to the FUND equal to the percentage of one-twelfth (1/12) of his PENSIONABLE EMOLUMENTS, as specified in the SPECIAL RULES, if any.
- (b) A MEMBER may make additional voluntary contributions to the FUND.
- (c) Subject to the provisions of section 14 of the ACT, if applicable, MEMBERS will be entitled to transfer amounts to the FUND from such other APPROVED FUND as may be permitted other than an APPROVED RETIREMENT ANNUITY FUND. If such amounts include savings components retirement components or vested components, they will be credited to the MEMBER'S SAVINGS COMPONENT, RETIREMENT COMPONENT or VESTED COMPONENT in the FUND.
- (d) If applicable, the SPECIAL RULES may determine whether the MEMBER contributions are inclusive of the cost of EXPENSES and/or RISK BENEFITS and/or UNAPPROVED RISK BENEFITS, or whether such costs must be paid by the MEMBER in addition to the contributions payable in terms of (a).

### 5.2 Participating Employer contributions

- (a) The PARTICIPATING EMPLOYER shall contribute to the FUND in respect of each MEMBER in SERVICE a monthly amount equal to such percentage of one-twelfth (1/12) of the MEMBER'S PENSIONABLE EMOLUMENTS, as specified in the SPECIAL RULES, provided that such contribution may not be less than five percent (5%) of one-twelfth (1/12) of the MEMBER'S PENSIONABLE EMOLUMENTS.

- (b) If applicable, the SPECIAL RULES shall determine whether the PARTICIPATING EMPLOYER contributions are inclusive of the cost of EXPENSES and/or RISK BENEFITS and/or UNAPPROVED RISK BENEFITS, or whether such costs must be paid by the PARTICIPATING EMPLOYER in addition to the contributions payable in terms of (a).
- (c) Subject to an appropriate indemnity being provided to the FUND, a PARTICIPATING EMPLOYER may elect to deduct and pay contributions in respect of RISK BENEFITS directly to the relevant REGISTERED INSURER, provided that this is stated in the SPECIAL RULES applicable to the PARTICIPATING EMPLOYER making such election. The remaining balance of the contributions will be paid to the FUND.

### 5.3 Payment of contributions

- (a) Contributions are payable monthly in arrears.
- (b) The PARTICIPATING EMPLOYER must deduct the MEMBERS' contributions payable from the MEMBERS' remuneration (if MEMBER contributions are payable) on that day of each calendar month on which a MEMBER is paid their remuneration.
- (c) All contributions due to the FUND shall be paid by the PARTICIPATING EMPLOYER by electronic funds transfer or by direct deposit into the FUND'S bank account within seven (7) days of the end of the month in respect of which the contributions in question are payable as required in terms of the ACT.
- (d) The PARTICIPATING EMPLOYER shall provide the ADMINISTRATOR with a monthly reconciliation of MEMBERS and amounts in respect of whom contributions were paid in terms of the RULES within the period stipulated in the ACT.
- (e) The ADMINISTRATOR shall be entitled to withhold the investment of the contributions into an INVESTMENT PORTFOLIO until the contributions received reconcile to the information required from

and provided by the PARTICIPATING EMPLOYER. Where investment is withheld, contributions shall remain in the FUND'S bank account and attract bank interest and the total of the contributions plus bank interest may be invested in the INVESTMENT PORTFOLIO for the benefit of the MEMBERS once the information is provided, if so agreed between the ADMINISTRATOR and the FUND.

- (f) If contributions due and payable are not paid to the FUND within seven (7) days of the end of the month in respect of which the contributions in question are payable, the provisions set out below shall apply, subject to the provisions of the ACT:

5.3.f.1 Compound interest shall be payable by the PARTICIPATING EMPLOYER on the amount of any outstanding contribution due to the FUND, at the rate prescribed in the ACT.

5.3.f.2 The interest paid on arrear contributions and unpaid amounts due to the FUND in respect of a MEMBER shall constitute INVESTMENT EARNINGS on the amount payable to the FUND by or in respect of the MEMBER for the period during which the interest accrues and shall be allocated to MEMBERS' INDIVIDUAL ACCOUNTS accordingly, provided that, in the event that the reasonable cost of an additional payment of arrear interest to a former MEMBER who has received payment of his benefit from the FUND should exceed the amount of interest received by the FUND in respect of that MEMBER, the interest so received shall be distributed proportionately amongst the remaining MEMBERS in SERVICE of the PARTICIPATING EMPLOYER.

- (g) If a PARTICIPATING EMPLOYER, for a period of two (2) consecutive months, fails to make payment of the full amount of

contributions due in respect of a month by the due date, or fails to submit the information required, the BOARD shall have the power (but not be obliged) to give notice to the PARTICIPATING EMPLOYER of:

- 5.3.g.1 Suspension of its participation in the FUND with immediate effect, in which case no further contributions shall be payable by or in respect of the relevant MEMBERS and no RISK BENEFITS will apply until the BOARD cancels the suspension; or
  - 5.3.g.2 Cancellation of its participation in the FUND within thirty (30) days of the date on which notice was given, in which case the provisions of Rule 8.8 or Rule 8.9, as decided by the BOARD, shall apply.
- (h) Where a PARTICIPATING EMPLOYER fails to make payment of the contributions for any month by the due date, the BOARD shall have the power to decide that the premiums payable in respect of RISK BENEFITS for that month be paid for by way of a debit to the relevant MEMBERS' INDIVIDUAL ACCOUNTS.
  - (i) The FUND is not liable to a MEMBER or his BENEFICIARIES in respect of contributions not received from a PARTICIPATING EMPLOYER prior to the date of death, retirement, or withdrawal of that MEMBER.
  - (j) No PARTICIPATING EMPLOYER is liable to contribute any amount in excess of or in addition to that which such PARTICIPATING EMPLOYER is obliged to contribute in terms of the SPECIAL RULES or as may be agreed in writing with the FUND save late payment interest as required in terms of section 13A of the ACT.
  - (k) The BOARD must procure that the PRINCIPAL OFFICER or an authorised person as contemplated in section 13A(6) of the ACT ensures that the provisions of section 13A of the ACT are complied

with, including but not limited to the payment of late payment interest by the PARTICIPATING EMPLOYER as prescribed from time to time.

#### 5.4 Allocation of contributions

- (a) The contributions paid to cover ADMINISTRATION FEES, CONSULTING FEES and premiums in respect of the RISK BENEFITS shall be paid by the FUND to the relevant service providers.
- (b) The contributions in respect of GOVERNANCE EXPENSES shall be allocated to the EXPENSE RESERVE ACCOUNT.
- (c) The balance of the contributions applicable to a MEMBER, less the cost of UNAPPROVED RISK BENEFITS, if any, will be allocated to his INDIVIDUAL ACCOUNT.
- (d) The cost of EXPENSES in respect of MEMBERS in respect of whom no contributions or not sufficient contributions are made to the FUND shall be debited from such MEMBERS' INDIVIDUAL ACCOUNTS.
- (e) The FUND shall be entitled to act as a conduit for the purposes of making payment of premiums in respect of UNAPPROVED RISK BENEFITS. If it is agreed in writing by the FUND and the PARTICIPATING EMPLOYER that the FUND will act as conduit for such premiums, the PARTICIPATING EMPLOYER shall be solely responsible for and indemnifies the FUND, the BOARD, officers of the FUND, the SPONSOR and the ADMINISTRATOR, from and against any claims which may arise in respect of the collection of premiums, the payment of premiums to the REGISTERED INSURER and the payment of the proceeds of such insurance arrangements to the beneficiaries thereof.

## 5.5 Suspension of Contributions

- (a) The provisions set out in this Rule will apply notwithstanding anything to the contrary contained elsewhere in the RULES.
- (b) A PARTICIPATING EMPLOYER that is in financial distress may apply to the FUND, in a format determined by the FUND, for a total or partial suspension of contributions to the FUND by it and, if applicable, the MEMBERS. The suspension may be in respect of MEMBERS who are absent from SERVICE or in respect of MEMBERS who are not absent from SERVICE. If the affected MEMBERS are absent from SERVICE, any action taken under this Rule will override the provisions of Rule 4.4. The following provisions shall apply:
  - 5.5.b.1 The PARTICIPATING EMPLOYER must fully complete the application provided by the FUND.
  - 5.5.b.2 The PARTICIPATING EMPLOYER must provide detailed reasons for the request and provide supporting documentation and other information required by the FUND in order to show financial hardship.
  - 5.5.b.3 The partial or total suspension may be granted by the BOARD, after consideration of the application and supporting documentation, for a maximum period of six (6) months.
  - 5.5.b.4 An extension of up to three (3) months may be applied for by the PARTICIPATING EMPLOYER after the expiry of the initial period granted. The application for an extension should include all additional information required by the BOARD.
  - 5.5.b.5 Only one extension may be granted by the BOARD and should the PARTICIPATING EMPLOYER, after the

- expiry of the extension, remain unable to resume contributing fully, an amendment to the SPECIAL RULES must be made reducing contributions permanently or the provisions of Rule 8.8 will apply and any notice period under that Rule will be waived.
- 5.5.b.6 If at a future date, the PARTICIPATING EMPLOYER and/or the MEMBERS are able to pay the contributions not paid to the FUND during the suspension period, the FUND shall allow for such amounts to be paid and invested without any additional cost.
- 5.5.b.7 The FUND must advise affected MEMBERS of the PARTICIPATING EMPLOYER'S request to suspend contributions within thirty (30) days of receiving such a request.
- (c) The PARTICIPATING EMPLOYER and the FUND must enter into a written agreement detailing the following:
- 5.5.c.1 If the contribution suspension is total or partial and if it applies to MEMBER contributions, PARTICIPATING EMPLOYER contributions or both.
- 5.5.c.2 If the RISK BENEFITS if any, are to be maintained and how they are to be funded, i.e. by way of a PARTICIPATING EMPLOYER contribution, a MEMBER contribution, or a deduction from the affected MEMBERS' INDIVIDUAL ACCOUNTS.
- 5.5.c.3 If the PARTICIPATING EMPLOYER or the MEMBERS will pay the cost of EXPENSES, as determined from time to time by the BOARD, to the FUND.
- 5.5.c.4 That the cost of EXPENSES, as determined from time to time by the BOARD, not paid by the PARTICIPATING EMPLOYER or the MEMBERS, may

be debited from the affected MEMBERS' INDIVIDUAL ACCOUNTS.

5.5.c.5 The effective date of the suspension of contributions.

- (d) The suspension of contributions will only apply once the BOARD has resolved to approve it and the agreement referred to above has been completed.

## 6 BENEFITS

### 6.1 Retirement benefit and options

- (a) On a MEMBER'S retirement from SERVICE he shall become entitled to an ANNUITY.
- (b) Such ANNUITY will become payable on the MEMBER'S ELECTED RETIREMENT DATE and will be secured by the MEMBER'S FUND CREDIT plus, if applicable, the INSURED DISABILITY BENEFIT.
- (c) The ANNUITY will be an ANNUITY of his choice purchased in his name from one or more ANNUITY PROVIDER(S) of his choice, provided that the retiring MEMBER may select the ANNUITY provided in terms of the ANNUITY STRATEGY of the FUND.
- (d) The following provisions will apply to a retiring MEMBER:
  - 6.1.d.1 The retiring MEMBER will be entitled to elect to take as a lump sum up to the whole of his VESTED PRE-ANNUITISATION BENEFIT at CALCULATION DATE.
  - 6.1.d.2 The retiring MEMBER will be entitled to take up to the whole of his SAVINGS COMPONENT at CALCULATION DATE as a lump sum.
  - 6.1.d.3 If the retiring MEMBER'S RETIREMENT COMPONENT plus the difference between the VESTED COMPONENT AND the VESTED PRE-ANNUITISATION BENEFIT at CALCULATION DATE is less than the *de minimis* amount provided for in the INCOME TAX ACT from time to time or the MEMBER is a NON-RESIDENT MEMBER, that entire amount may be taken as a lump sum.
- (e) The FUND will facilitate the purchase of the ANNUITY, if any, for a retiring MEMBER.

- (f) Once the ANNUITY/ANNUITIES have been purchased and any lump sum paid, the FUND will have no further liability to or in respect of the retiring MEMBER.

## 6.2 Normal retirement

- (a) A MEMBER shall retire from SERVICE on reaching his NORMAL RETIREMENT DATE unless his PARTICIPATING EMPLOYER agrees to him continuing in SERVICE.
- (b) The provisions of Rules 6.1, 6.5 and 6.6 shall apply.

## 6.3 Early retirement

- (a) A MEMBER may retire from SERVICE at the end of any month on or after his fifty-fifth (55th) birthday subject to mutual agreement between the PARTICIPATING EMPLOYER and the MEMBER in terms of the practices and procedures of the PARTICIPATING EMPLOYER.
- (b) A MEMBER who is entitled to an INSURED DISABILITY BENEFIT in accordance with the provisions of 6.8 may retire from SERVICE at any time prior to his NORMAL RETIREMENT DATE.
- (c) If the BOARD, after considering medical evidence acceptable to it, are satisfied that a MEMBER who does not qualify for an INSURED DISABILITY BENEFIT or an income benefit in terms of the DISABILITY INCOME POLICY has become permanently incapable of carrying on his occupation due to sickness, accident, injury or incapacity through infirmity of mind or body, the MEMBER may retire at any time prior to his NORMAL RETIREMENT DATE.
- (d) The provisions of Rules 6.1, 6.5 and 6.6 shall apply.

## 6.4 Late retirement

- (a) A MEMBER who reaches his NORMAL RETIREMENT AGE may, at the request of the PARTICIPATING EMPLOYER, continue in

SERVICE for a further period and will retire from SERVICE at a later date, as determined by the PARTICIPATING EMPLOYER.

- (b) Contributions by the MEMBER and the PARTICIPATING EMPLOYER will continue unless otherwise specified in the SPECIAL RULES, provided that if no contributions are made to the FUND in respect of RISK BENEFITS, or paid directly to the REGISTERED INSURER in respect of RISK BENEFITS, no RISK BENEFITS will be payable by the FUND, notwithstanding anything to the contrary contained elsewhere in these RULES.
- (c) The provisions of Rules 6.1, 6.5 and 6.6 shall apply.

#### 6.5 **Deferred Retirees**

- (a) A MEMBER, who retires from SERVICE may defer his retirement from the FUND, in which case he will become a DEFERRED RETIREE and his benefit will become payable on his ELECTED RETIREMENT DATE.
- (b) If a MEMBER who retires from SERVICE does not act to receive his retirement benefit, he will be regarded as having deferred his retirement from the FUND and he will become a DEFERRED RETIREE, and his benefit will become payable on his ELECTED RETIREMENT DATE.
- (c) No contributions are payable to the FUND by or in respect of a DEFERRED RETIREE and no deductions may be made from the DEFERRED RETIREE'S INDIVIDUAL ACCOUNT in respect of RISK BENEFITS.
- (d) A DEFERRED RETIREE will not be entitled to any RISK BENEFITS.
- (e) The monthly deduction in respect of EXPENSES for a DEFERRED RETIREE, as determined by the BOARD, will be deducted from his INDIVIDUAL ACCOUNT.

- (f) At any time prior to his ELECTED RETIREMENT DATE, the FUND shall, at the request of a DEFERRED RETIREE, transfer the realisable value of his INDIVIDUAL ACCOUNT to an APPROVED RETIREMENT ANNUITY FUND, an APPROVED PENSION PRESERVATION FUND or an APPROVED PROVIDENT PRESERVATION FUND of his choice, provided that with effect from 1 September 2024 the SAVINGS COMPONENT and the RETIREMENT COMPONENT, if any, must be allocated to the savings component and the retirement component in the APPROVED FUND to which the MEMBER transfers.
- (g) On his ELECTED RETIREMENT DATE, a DEFERRED RETIREE will become entitled to an ANNUITY secured by the amount referred to in Rule 6.1 and the provisions of Rule 6.1 will apply.
- (h) If a DEFERRED RETIREE dies prior to his ELECTED RETIREMENT DATE and before 1 September 2024 the MEMBER'S FUND CREDIT will become payable. If a DEFERRED RETIREE dies prior to his ELECTED RETIREMENT DATE and on or after 1 September 2024, the realised value of the assets underlying the MEMBER'S INDIVIDUAL ACCOUNT at the CALCULATION DATE will become payable. Such amounts will be dealt with in accordance with the provisions of section 37C of the ACT. The provisions of Rule 6.7(b) will apply.
- (i) If a DEFERRED RETIREE dies on or after his ELECTED RETIREMENT DATE and before 1 September 2024 the MEMBER'S FUND CREDIT will become payable. If a DEFERRED RETIREE dies on or after his ELECTED RETIREMENT DATE and on or after 1 September 2024, the realised value of the assets underlying the MEMBER'S INDIVIDUAL ACCOUNT at the CALCULATION DATE will become payable. Such amount will be paid to his estate.

## 6.6 Notification of retirement

- (a) A MEMBER and/or the PARTICIPATING EMPLOYER by whom the MEMBER is employed, if applicable, are required to provide the FUND with written notice of a MEMBER'S retirement.
- (b) The written notice must include the options elected by the MEMBER, in particular regarding payment of any portion of the benefit as a lump sum benefit, and/or the ANNUITY selected, and any other information which may be required by the FUND from time to time.

## 6.7 Death in Service

- (a) The benefits payable on the death of a MEMBER in SERVICE shall be a lump sum equal to:
  - 6.7.a.1 the MEMBER'S FUND CREDIT; plus
  - 6.7.a.2 The INSURED DEATH BENEFIT, if applicable.
- (b) The lump sum benefit referred to above will be dealt with in accordance with the provisions of section 37C of the ACT, provided that a BENEFICIARY to whom such benefits or part of such benefits are allocated may elect to take any portion of such benefits as one or more ANNUITY(IES) purchased from one or more ANNUITY PROVIDER(S) of the BENEFICIARY'S choice, in which case the FUND shall purchase the ANNUITY(IES) in the name of the BENEFICIARY and once so purchased, the FUND will have no further liability to or in respect of the BENEFICIARY relating to the amount applied to purchase the ANNUITY, such liability resting with the ANNUITY PROVIDER.

## 6.8 Insured Disability Benefits

- (a) A MEMBER of the FUND in SERVICE prior to NORMAL RETIREMENT DATE who becomes DISABLED and retires from SERVICE as a result thereof, will be entitled to the INSURED

DISABILITY BENEFIT, if applicable, which will form part of his retirement benefit.

- (b) The INSURED DISABILITY BENEFIT is subject to a maximum benefit of such amount as may be specified from time to time by the REGISTERED INSURER. If the MEMBER'S DISABLEMENT occurs after he has reached such age as may be set out in the policy issued by the REGISTERED INSURER, the benefit shall be reduced in accordance with the provisions of that policy. The benefit shall be payable after a waiting period specified in the policy issued by the REGISTERED INSURER.

#### 6.9 Provisions in respect of Risk Benefits

- (a) The FUND may, where so required by the REGISTERED INSURER reinsuring the RISK BENEFITS, request a MEMBER to be examined at the REGISTERED INSURER'S expense by a medical practitioner appointed by the REGISTERED INSURER.
- (b) The RISK BENEFITS may be restricted as required by the REGISTERED INSURER as a result of the examination.
- (c) Payment of a RISK BENEFIT is subject to the REGISTERED INSURER underwriting the RISK BENEFIT admitting the claim and making payment to the FUND.
- (d) The liability of the FUND in respect of the payment of any insured RISK BENEFIT in terms of the RULES shall be limited to such restrictions and limitations as the REGISTERED INSURER may impose and to the amount of the insured RISK BENEFIT paid to the FUND by the REGISTERED INSURER.

#### 6.10 Withdrawal Benefits and Paid-Up Members

- (a) If the SERVICE of a MEMBER terminates prior to him attaining his NORMAL RETIREMENT AGE because of his resignation, dismissal, retrenchment or redundancy, and he does not instruct

the FUND that he wishes to claim his FUND CREDIT when he leaves SERVICE, his MEMBER'S FUND CREDIT will be retained in the FUND and the MEMBER will become a PAID-UP MEMBER.

- (b) If a MEMBER whose SERVICE terminates as envisaged above instructs the FUND that he wishes to claim his FUND CREDIT when he leaves SERVICE, such FUND CREDIT will become payable and the options set out in (c) shall apply *mutatis mutandis*.
- (c) The PAID-UP MEMBER may, at any point in time, elect:

6.10.c.1 To transfer this FUND CREDIT to an APPROVED PENSION FUND, an APPROVED PROVIDENT FUND, an APPROVED RETIREMENT ANNUITY FUND, an APPROVED PENSION PRESERVATION FUND, an APPROVED PROVIDENT PRESERVATION FUND or a combination of the aforementioned funds, provided that all transfers will be subject to the requirements and any restrictions imposed by the INCOME TAX ACT from time to time, provided further that the RETIREMENT COMPONENT, SAVINGS COMPONENT and VESTED COMPONENT, if any, must be allocated to the savings component, retirement component and vested component in the fund(s) to which he transfers;  
or

6.10.c.2 To receive his VESTED COMPONENT and his SAVINGS COMPONENT as a cash lump sum and transfer the remaining balance as envisaged in Rule 6.10.c.1 above or retain the remaining balance in the FUND; or

6.10.c.3 If he is a NON-RESIDENT MEMBER, to receive his FUND CREDIT as a cash lump sum.

- (d) Once the PAID-UP MEMBER'S FUND CREDIT has been paid in cash or transferred, the PAID-UP MEMBER shall have no further claim against the FUND.
- (e) No contributions are payable to the FUND by or in respect of a PAID-UP MEMBER and no deductions may be made from the PAID-UP MEMBER'S INDIVIDUAL ACCOUNT in respect of RISK BENEFITS.
- (f) A PAID-UP MEMBER will not be entitled to any RISK BENEFITS.
- (g) A monthly deduction in respect of EXPENSES for a PAID-UP MEMBER, as determined by the BOARD, will be deducted from his INDIVIDUAL ACCOUNT.
- (h) If a PAID-UP MEMBER dies prior to having requested payment of his benefit or prior to his ELECTED RETIREMENT DATE, his FUND CREDIT will become payable in accordance with the provisions of section 37C. The provisions of Rule 6.7(b) will apply.
- (i) If a PAID-UP MEMBER dies after having requested payment of his benefit or on or after his ELECTED RETIREMENT DATE, his FUND CREDIT will become payable to his estate.
- (j) A PAID-UP MEMBER will be entitled to retire as at his ELECTED RETIREMENT DATE. He will become entitled to an ANNUITY secured with his FUND CREDIT. The provisions of Rule 6.1 and Rule 6.6 will apply.

#### 6.11 **Savings Component**

- (a) A MEMBER may at any time request a savings withdrawal benefit of the full, or a portion of the SAVINGS COMPONENT and such savings withdrawal benefit will accrue for tax purposes on the date the savings withdrawal benefit is paid to the MEMBER and will be taxed in accordance with the tax bracket applicable to the MEMBER'S income as prescribed in the INCOME TAX ACT, provided that:

- 6.11.a.1 only 1 (one) savings withdrawal benefit may be made during a TAX YEAR, unless the MEMBER has left the service of the PARTICIPATING EMPLOYER before retirement from employment and already received a savings withdrawal benefit in the same tax year resulting in the value in the SAVINGS COMPONENT being less than R2 000, in which case the MEMBER may make an additional withdrawal of the remaining value in the SAVINGS COMPONENT in the same tax year;
- 6.11.a.2 the minimum amount allowed for a savings withdrawal benefit is R2 000;
- 6.11.a.3 where the FUND furnished a guarantee to a third party in respect of a housing loan to the MEMBER by the third party, as contemplated in Section 19(5) of the ACT, payment of a savings withdrawal benefit may be refused by the FUND, unless the FUND is satisfied that the MEMBER'S RETIREMENT COMPONENT, VESTED COMPONENT and any balance in the SAVINGS COMPONENT after such savings withdrawal benefit will be sufficient to honour the housing loan or guarantee;
- 6.11.a.4 where judgement has been obtained in favour of the PARTICIPATING EMPLOYER ordering compensation or an acknowledgement of liability was made by the MEMBER in favour of the EMPLOYER as allowed in section 37D of the ACT and submitted to the FUND, which permissible deduction has not been made yet, a savings withdrawal benefit may be refused, unless the FUND is satisfied that the MEMBER'S RETIREMENT COMPONENT, VESTED COMPONENT and any balance in the SAVINGS COMPONENT after such

savings withdrawal benefit will be sufficient to satisfy such deduction;

- 6.11.a.5 where there is a pending judgement in favour of the PARTICIPATING EMPLOYER ordering compensation as allowed in section 37D of the ACT, a savings withdrawal benefit may be suspended for a period of 12 (twelve) months if the MEMBER'S RETIREMENT COMPONENT, VESTED COMPONENT and any balance in the SAVINGS COMPONENT after such savings withdrawal benefit is not sufficient to satisfy the pending judgement;
- 6.11.(a).6 where an enforceable divorce order has been granted and submitted to the FUND or a formal notification has been received from the MEMBER or non-member spouse that divorce proceedings has been instituted, a savings withdrawal benefit will be subject to the consent of the non-member spouse, unless the FUND is satisfied that the MEMBER'S RETIREMENT COMPONENT, VESTED COMPONENT and any balance in the SAVINGS COMPONENT after such savings withdrawal benefit will be sufficient to comply with the order; and
- 6.11.(a).7 where an enforceable maintenance order has been granted and submitted to the FUND, a savings withdrawal benefit maybe refused, unless the FUND is satisfied that the MEMBER'S RETIREMENT COMPONENT, VESTED COMPONENT and any balance in the SAVINGS COMPONENT after such savings withdrawal benefit will be sufficient to comply with the order.

## 6.12 Retirement Benefits Counselling

- (a) A MEMBER must be given access to RETIREMENT BENEFITS COUNSELLING by the FUND within such period set out in the ACT of his NORMAL RETIREMENT AGE.
- (b) Prior to any payment or transfer taking place in terms of Rule 6.10 and Rule 6.11 above, a PAID-UP MEMBER must be given access to RETIREMENT BENEFITS COUNSELLING.

## 6.13 Payment of Benefits

- (a) The BOARD will be entitled to request any documentation prescribed by it as satisfactory proof as to the identity and right of a MEMBER or BENEFICIARY to a benefit before payment of a benefit is made to such MEMBER or BENEFICIARY.
- (b) Whenever a benefit is payable to a MEMBER or BENEFICIARY, the MEMBER or BENEFICIARY will be deemed to have requested payment thereof by means of an electronic bank transfer to his bank account, the details of which the MEMBER or BENEFICIARY must inform the BOARD in writing.
- (c) Notwithstanding a contrary provision contained in the RULES, if the BOARD, in its absolute discretion, for some good and sufficient reason considers it not advisable to make payment of a benefit in the manner elsewhere provided for in these RULES, the BOARD may pay the benefit due to a MEMBER in one of the following ways:
  - 6.13.c.1 Where a MEMBER is contractually incapacitated, to the curator of the MEMBER, for the benefit of the MEMBER; and/or
  - 6.13.c.2 Where a MEMBER or BENEFICIARY is unable to open a South African bank account, to the bank account of a third party approved by the BOARD,

provided that in the case of a lump sum death benefit, the provisions of Section 37C of the ACT shall apply.

- (d) A decision of the BOARD in terms of this Rule 6.10 may be varied by the BOARD from time to time in the BOARD'S sole discretion.

#### 6.14 **Reduction of benefits, deduction from benefits and insolvency**

- (a) The provisions of sections 37A, 37B and 37D of the ACT will apply in respect of the reduction of benefits, deductions from benefits and on the insolvency of a MEMBER.

- (b) In respect of a claim envisaged in section 37D of the ACT, where the PARTICIPATING EMPLOYER has instituted civil legal proceedings in a court of law and/or laid a criminal charge against the MEMBER concerned including a request for compensation in respect of damage caused to the PARTICIPATING EMPLOYER as contemplated in section 37D of the ACT, the FUND may withhold payment of the benefit until the matter has been finally determined by a competent court or has been settled or formally withdrawn provided that:

6.14.b.1 The amount withheld shall not exceed the amount that may be deducted in terms of section 37D(b)(ii) of the ACT;

6.14.b.2 The BOARD in its reasonable discretion is satisfied that the PARTICIPATING EMPLOYER has made a *prima facie* case against the MEMBER concerned and there is reason to believe that the PARTICIPATING EMPLOYER has a reasonable chance of success in the proceedings instituted;

6.14.b.3 The BOARD is satisfied that the PARTICIPATING EMPLOYER is not at any stage of the proceedings responsible for any undue delay in the prosecution of the proceedings;

6.14.b.4 Once the proceedings have been determined, settled, or withdrawn, any benefit to which the MEMBER is entitled shall be paid forthwith; and

6.14.b.5 The BOARD, with the express written consent of the MEMBER whose benefit is withheld, may, if practical and applicable, permit the value of the MEMBER'S benefit as at the time of such request be protected, in whatever manner they believe appropriate, from the possibility of a decrease as a result of negative investment performance.

#### 6.15 **Unclaimed Benefits**

- (a) Subject to the provisions of (c) below, UNCLAIMED BENEFITS will remain in the FUND until such time as payment is made and the MEMBER'S INDIVIDUAL ACCOUNT will be maintained in the FUND.
- (b) The BOARD will be entitled, in its sole discretion, to invest UNCLAIMED BENEFITS in an INVESTMENT PORTFOLIO of its choice.
- (c) The BOARD may at any time direct that UNCLAIMED BENEFITS be transferred to an UNCLAIMED BENEFITS FUND.

#### 6.16 **Taxation of Benefits**

- (a) Subject to (b) below, benefits payable in accordance with the provisions of the RULES will be taxed in terms of the provisions of the INCOME TAX ACT that deal with taxation of retirement benefits.
- (b) Withdrawals from the SAVINGS COMPONENT before retirement will be taxed in terms of the PAYE tax tables.

## 7 FINANCIAL MANAGEMENT AND ADMINISTRATION OF THE FUND

### 7.1 Fund Expenses

- (a) All EXPENSES will be borne by the FUND and funded as set out in Rule 5.4.
- (b) GOVERNANCE EXPENSES incurred by the FUND shall be paid from the EXPENSE RESERVE ACCOUNT, provided that:
  - 7.1.b.1 GOVERNANCE EXPENSES incurred in respect of a particular MEMBER or group of MEMBERS only, may be levied against the relevant MEMBER'S INDIVIDUAL ACCOUNT or proportionately against the relevant MEMBERS' INDIVIDUAL ACCOUNTS;
  - 7.1.b.2 GOVERNANCE EXPENSES that are not able to be funded by the EXPENSE RESERVE ACCOUNT may either be funded by the PARTICIPATING EMPLOYER(S), if so agreed by the BOARD and the PARTICIPATING EMPLOYER(S), or may be levied against the MEMBERS' INDIVIDUAL ACCOUNTS on such basis as the BOARD may determine.
- (c) EXPENSES in respect of PAID-UP MEMBERS, DEFERRED RETIREES and NON-CONTRIBUTORY MEMBERS may be debited from the relevant MEMBERS' INDIVIDUAL ACCOUNTS.
- (d) INVESTMENT EXPENSES will be considered in the determination of the INVESTMENT EARNINGS.

### 7.2 Expense Reserve Account

- (a) An EXPENSE RESERVE ACCOUNT is maintained in the FUND.
- (b) The BOARD shall from time to time determine the balance deemed prudent to be maintained in the EXPENSE RESERVE ACCOUNT, provided that the EXPENSE RESERVE ACCOUNT may not have

a negative balance. If there is a deficit in the EXPENSE RESERVE ACCOUNT, it must be restored to a positive balance by one of the following means:

7.2.b.1 A debit against the MEMBERS' INDIVIDUAL ACCOUNTS; or

7.2.b.2 If so agreed by the PARTICIPATING EMPLOYERS, an additional contribution by the PARTICIPATING EMPLOYERS; or

7.2.b.3 If so agreed by the SPONSORS, a contribution by the SPONSORS to fund the shortfall.

(c) Any excess balance in the EXPENSE RESERVE ACCOUNT may, at the direction of the BOARD, be released and be distributed in accordance with section 15C of the ACT.

(d) The BOARD shall be entitled, at its sole discretion, to invest the assets underlying the EXPENSES RESERVE ACCOUNT in any asset or INVESTMENT PORTFOLIO of its choice.

(e) The following transactions will be recorded in the EXPENSE RESERVE ACCOUNT:

7.2.e.1 **Credits**

7.2.e.1.1 That part of the contributions payable by a PARTICIPATING EMPLOYER required to cover GOVERNANCE EXPENSES;

7.2.e.1.2 Amounts transferred from MEMBERS' INDIVIDUAL ACCOUNTS to cover GOVERNANCE EXPENSES, as permitted in terms of the RULES;

7.2.e.1.3 Bank interest not allocated to MEMBERS;

7.2.e.1.4 Payments from PARTICIPATING EMPLOYERS and the SPONSORS, if applicable;

7.2.e.1.5 Positive INVESTMENT EARNINGS on the assets underlying the EXPENSE RESERVE ACCOUNT;

**7.2.e.2 Debits**

7.2.e.2.1 The cost of GOVERNANCE EXPENSES of the FUND;

7.2.e.2.2 Amounts released from time to time;

7.2.e.2.3 Transfer to another APPROVED FUND in terms of the RULES;

7.2.e.2.4 Negative INVESTMENT EARNINGS on the assets underlying the EXPENSE RESERVE ACCOUNT.

**7.3 Calculation of Benefits and disinvestment**

- (a) Once the FUND receives a claim form, together with all information required which in the case of a death claim must include a resolution of the BOARD, the ADMINISTRATOR must, arrange for the assets underlying the MEMBER'S INDIVIDUAL ACCOUNT to be disinvested from the relevant INVESTMENT PORTFOLIO(S) and to be paid to the FUND'S bank account. Such disinvestment must take place within the period agreed between the FUND and the ADMINISTRATOR.
- (b) The ADMINISTRATOR may, pending receipt of all the documents required for a valid claim, transfer the assets to a suitable INVESTMENT PORTFOLIO approved by the BOARD.

- (c) The MEMBER'S benefit which is held in the bank account of the FUND must be paid to the MEMBER within a reasonable period after the CALCULATION DATE. If there is a delay in payment that is unreasonable in relation to agreed service level standards, bank interest must be added to the MEMBER'S benefit and be paid to the MEMBER. The ADMINISTRATOR must issue an appropriate tax certificate. Bank interest will not be paid if the amount is below a threshold agreed to by the BOARD from time to time.
- (d) In the event of a transfer of business of the FUND to another entity, then:
- 7.3.d.1 Should the transfer be effected in terms of section 14(1) of the ACT, the assets to be transferred shall remain invested in the INVESTMENT PORTFOLIOS in which they were invested at the time of receipt of notice of the transfer, until the date of approval of the transfer by the AUTHORITY, after which the ADMINISTRATOR shall within the period agreed in terms of the ADMINISTRATION AGREEMENT, disinvest the assets and transfer the proceeds thereof to the FUND'S bank account or to a suitable INVESTMENT PORTFOLIO approved by the BOARD until the actual transfer of the assets.
- 7.3.d.2 Should the transfer be effected in terms of section 14(8) of the ACT, the assets to be transferred shall remain invested in the INVESTMENT PORTFOLIOS in which they were invested at the time of receipt of notice of the transfer, until the effective date of the transfer, after which the ADMINISTRATOR shall within the period agreed in terms of the ADMINISTRATION AGREEMENT, disinvest the assets and transfer the proceeds thereof to the FUND'S bank account or to a suitable INVESTMENT PORTFOLIO approved by the BOARD until the actual transfer of the assets.

## 8 GENERAL PROVISIONS

### 8.1 Currency

- (a) Contributions and benefits are payable in the currency of the Republic of South Africa.

### 8.2 Monetary advantage

- (a) Neither the PARTICIPATING EMPLOYERS, the BOARD, the SPONSOR, the ADMINISTRATOR, CONSULTANT or any other service provider of the FUND will derive a monetary advantage from monies paid to or from the FUND and no monies of the FUND will become the property of any of the aforementioned parties, other than specifically provided for in the RULES.

### 8.3 Transfers from and to other funds

- (a) The BOARD shall have the power to agree to the receipt by the FUND of the assets and liabilities in respect of one or more persons who have been accepted for membership from another entity, subject to the provisions of the RULES, the ACT and the INCOME TAX ACT, provided that this may include UNCLAIMED BENEFITS. Upon finalization of the said transfer or amalgamation in accordance with the provisions of section 14 of the ACT, the persons so transferred shall become MEMBERS and the amounts transferred to the FUND in respect of such transferred MEMBERS shall be applied for their benefit under the MEMBERS' INDIVIDUAL ACCOUNTS, provided that they are appropriately allocated between the RETIREMENT COMPONENT, the SAVINGS COMPONENT and the VESTED COMPONENT, as applicable.
- (b) The BOARD shall have the power to agree to the transfer of any of its assets and liabilities from the FUND to another entity, subject to the provisions of the RULES, the ACT, and the INCOME TAX ACT. After finalization of the said transfer or amalgamation in accordance with the provisions of section 14 of the ACT, the

relevant amounts shall be transferred to the other entity, after which the MEMBERSHIP and contributions, if applicable, in respect of the persons so transferred shall cease and the FUND shall have no further liability in respect of such persons.

- (c) It is specifically provided that in the event of a transfer contemplated in (b) above, no contributions shall be due to the FUND and no RISK BENEFITS in respect of the MEMBERS included in the transfer shall be payable, with effect from the effective date of the transfer, notwithstanding the date on which the transfer is approved by the AUTHORITY or finalized in accordance with section 14 of the ACT.

#### 8.4 **Right to obtain copies of or to inspect certain documents**

- (a) The FUND will deliver to any MEMBER on request by such MEMBER and on payment of an amount to cover any photocopying, printing and related costs, a copy of the RULES of the FUND or a copy of the latest revenue account and balance sheet.
- (b) Every MEMBER will be entitled to inspect without charge at the registered office of the FUND, a copy of any of the documents referred to above, as well as the last valuation report prepared by the ACTUARY and any other document referred to in section 35 of the ACT.

#### 8.5 **Amendments to the Rules**

- (a) The BOARD may at any time amend the RULES by a majority of votes, provided that:
- 8.5.a.1 the amendment is consistent with the provisions of the ACT and of the INCOME TAX ACT;
- 8.5.a.2 the amendment will not be made if the effect would be that the liabilities of one or more of the

PARTICIPATING EMPLOYERS will in all likelihood be increased and such PARTICIPATING EMPLOYERS have not consented to the amendment,

provided further that an amendment to the RULES affecting the financial basis of the FUND will be referred to the ACTUARY (if any) for his comments before being adopted.

- (b) Within sixty (60) days of the passing of a resolution effecting an amendment to the RULES, the PRINCIPAL OFFICER will submit the amendment to the RULES to the AUTHORITY in the prescribed format and with the prescribed documents.
- (c) The BOARD will ensure that the amendment is approved in accordance with the provisions of the INCOME TAX ACT.
- (d) An amendment to the RULES will only apply from the time the AUTHORITY registers it unless specifically specified that the amendment be effective retrospectively.

#### 8.6 **Binding power of Rules**

- (a) The provisions of the RULES will be binding on the MEMBERS, BENEFICIARIES, the PARTICIPATING EMPLOYERS, the SPONSORS, the FUND and its officials, a person who institutes a claim against the FUND and any person whose claim against the FUND is derived from that person.

#### 8.7 **Termination of the Fund**

- (a) The FUND may be wound up if:
  - 8.7.a.1 The BOARD resolves that it should be wound up; or
  - 8.7.a.2 A court of competent jurisdiction determines that it be wound up; or
  - 8.7.a.3 All the PARTICIPATING EMPLOYERS decide

unanimously that it be wound up, subject to six (6) months' notice to the BOARD;

- 8.7.a.4 If the all the SPONSORS should for any reason cease to operate; provided that if the SPONSORS ceases to operate for the purposes of reconstruction or amalgamation, such reconstructed or amalgamated organisation shall have the right to replace the SPONSORS in the FUND, in which event the FUND shall not otherwise be affected.
- (b) If the FUND is wound up in any of the circumstances referred to above, the BOARD will appoint a liquidator, subject to the approval of the AUTHORITY.
- (c) The liquidator shall, subject to (d):
- 8.7.c.1 Distribute the balance in the EXPENSE RESERVE ACCOUNT between the MEMBERS on an equitable basis; and
- 8.7.c.2 Apply the remaining assets of the FUND after payment of all expenses incurred in the liquidation, to provide benefits for all MEMBERS.
- (d) In making an apportionment, the liquidator shall take into consideration every former MEMBER who left SERVICE during the period of at least twelve (12) months ending on the date of commencement of liquidation. The former MEMBER'S apportionment shall be reduced by the amount of the benefit which he received on leaving SERVICE.
- (e) Amounts allocated to MEMBERS shall be applied as follows:
- 8.7.e.1 In respect of DEFERRED RETIREES to purchase ANNUITIES from one or more ANNUITY PROVIDERS in the names of the DEFERRED RETIREES or to be

transferred to an APPROVED RETIREMENT ANNUITY FUND, an APPROVED PROVIDENT PRESERVATION FUND or an APPROVED PENSION PRESERVATION FUND; or

8.7.e.2 At the request of a MEMBER other than a DEFERRED RETIREE, be transferred to an APPROVED RETIREMENT ANNUITY FUND, APPROVED PROVIDENT PRESERVATION FUND or APPROVED PENSION PRESERVATION FUND in the name of the MEMBER; or

8.7.e.3 At the request of a MEMBER other than a DEFERRED RETIREE, be paid to the MEMBER in cash, provided that the RETIREMENT COMPONENT may not be paid in cash and must be transferred to an APPROVED FUND of the MEMBER'S choice.

(f) If the FUND is terminated or dissolved under Section 28 of the ACT, all moneys remaining unclaimed for a period of six (6) months from the date on which payment of benefits commenced after completion of all necessary formalities, will be paid to an UNCLAIMED BENEFITS FUND by the liquidator for the benefit of the persons concerned, and thereafter there shall be no claim against the FUND or the PARTICIPATING EMPLOYER. The liquidator must indicate in his final liquidation account the amount thus paid and shall simultaneously furnish the AUTHORITY with a certificate to the effect that all reasonable steps were taken to trace persons entitled to the amount. An auditor approved by the AUTHORITY shall certify the account as correct.

(g) If the FUND is wound up under section 29 of the ACT, the provisions of the Companies Act, No 71 of 2008 shall apply with the necessary changes to the winding-up, in so far as the said provisions refer to a winding-up by the court in terms of that Act, and in so far as the said provisions are applicable and not

inconsistent with any provision of ACT or with any directions issued by the court under section 29 of the ACT.

- (h) The provisions of section 30 of the ACT will apply on any liquidation contemplated in terms of sections 28 or 29 of the ACT.

#### 8.8 **Withdrawal of a Participating Employer**

- (a) If one of the PARTICIPATING EMPLOYERS gives written notice to the BOARD of its intention to terminate its participation in the FUND or is wound up, whether voluntarily or not, or ceases to carry on business, or gives notice of termination of contributions to the FUND then, unless a reconstructed company or organisation takes the place of such PARTICIPATING EMPLOYER, the provisions of Rule 8.7 will apply *mutatis mutandis* with effect from the effective date of the notice of termination or termination of contributions, as the case may be.

#### 8.9 **Transfer or amalgamation of business of a Participating Employer**

- (a) If the operation of a PARTICIPATING EMPLOYER is transferred to or amalgamated with that of another organisation, such other organisation may:

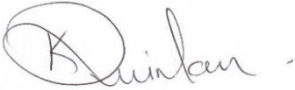


8.9.a.1 Continue contributions to the FUND in respect of the existing MEMBERS at the time of such transfer or amalgamation, subject to such conditions imposed by the BOARD, in which case the FUND will not be affected; or

8.9.a.2 Withdraw from the FUND in terms of Rule 8.8.

#### 8.10 **New fund**

- (a) If a PARTICIPATING EMPLOYER decides to establish a new APPROVED FUND for the purpose of providing retirement benefits for its employees or for certain of its employees, or to participate in another APPROVED FUND for this purpose, the BOARD will,

notwithstanding anything to the contrary in the RULES, apply each MEMBER'S INDIVIDUAL ACCOUNT to obtain benefits for the MEMBERS concerned under the new fund or scheme, in such manner as the BOARD, with the approval of the AUTHORITY, may decide, subject to the provisions of section 14 of the ACT provided that components of the MEMBERS' INDIVIDUAL ACCOUNTS are appropriately allocated between the various components in the new fund. In addition, the BOARD may, in its sole discretion, permit the transfer of such amounts from the EXPENSE RESERVE ACCOUNT as it deems fair and reasonable.

Karen Quinlan		27/10/2024
First Name & Surname	Signature	Date
<b>Chairperson of the Fund</b>		
Hester van Coller		25/10/2024
First Name & Surname	Signature	Date
<b>Principal Officer of the Fund</b>		
Wayne Muller		29 October 2024
First Name & Surname	Signature	Date
<b>Trustee of the Fund</b>		