

These rules have been consolidated to include the following amendments:

<i>Amendment</i>	<i>Case Number</i>	<i>Effective date</i>	<i>FSCA / SARS approval</i>
1	529351	1.3.2021	25.8.2021
2	545661	1.11.2021	19.1.2022
3	553589	1.7.2022	11.8.2022
4	580192	1.10.2023	8.11.2023
5	590272	1.4.2024	27.3.2024
6	592858	1.7.2024	30.7.2024
7	594146	1.9.2024	19.8.2024

Should any difference exist between these consolidated rules and the signed approved rules and approved rule amendments, the latter shall prevail.

EJOBURG RETIREMENT FUND RULES

Effective Date: 1 October 2020

(Reference number 12/8/36961)

EJOBURG RETIREMENT FUND

PASSED AT JOHANNESBURG ON THE 26TH DAY OF AUGUST 2020

RESOLVED THAT the attached RULES be adopted as the official RULES of the EJOBURG RETIREMENT FUND.

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

The COMMENCEMENT DATE of the FUND was 1 July 2000.

The date on which these RULES shall become effective is 1 October 2020.

The trustees of the eJoburg Retirement Fund, and the Authority, have previously approved twenty-seven amendments to the current approved rules of the Fund.

These consolidated rules represent the current approved rules of the Fund updated for the twenty-seven rule amendments previously approved by the Authority. No changes have been made to the current registered rules that are not contained in the twenty-seven rule amendments, other than to:

- a) Update the page numbers in the index.*
- b) Move the index to start of the Rules.*
- c) Remove all underlining in the Rules.*

.....

CHAIRPERSON

.....

PRINCIPAL OFFICER

.....

TRUSTEE

.....

TRUSTEE

In my capacity as a Director of Keystone Actuarial Solutions (Pty) Ltd and as the Actuary of the eJoburg Retirement Fund, I certify that:

- a) All benefits other than those secured by an insurer, are currently limited to an amount, or to the pension which can be provided with such amount, equal to an accumulation of actual contributions, adjusted only in accordance with the direct investment return (net of taxes and expenses), both in terms of income and capital appreciation or depreciation. The rules of the Fund, however, permit the self-insurance by the Fund of the lump sum death benefits and/or the lump sum disability benefits. Should such self-insurance take place, the Fund will maintain adequate reserves and regularly monitor the mortality and/or morbidity experience, as appropriate.
- b) No pension shall be paid directly by the Fund.
- c) As far as I am aware, the requirements of paragraphs (a) and (b) above have been complied with or are not in danger of not being complied with.
- d) In my opinion the assets and liabilities are adequately matched and that the assets are suitable given the liabilities of the fund.
- e) The method to be used in allocating assets to members is in my opinion based on sound principles.

.....

HJ Buck, B.Sc., F.A.S.S.A.

.....

DATE

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RULES OF THE eJOBURG RETIREMENT FUND

PART A: INTRODUCTION

1. PREAMBLE

In 2001 the COUNCIL and the utilities, agencies and companies owned by it were contributing to twelve retirement funds for the benefit of their employees. Some of the funds were defined contribution funds and some were defined benefit funds. Each required a member's employer to contribute to it at a different rate and this meant that the EMPLOYERS could not ensure equality and fair labour practices in relation to retirement funding. This FUND was established so that all of the employees could belong to one retirement fund to which their EMPLOYERS could contribute at the same rate.

2. DEFINITIONS AND INTERPRETATION

- 2.1. The headings in this document are there to help readers find what they are looking for. They are not intended to be used to interpret the rules.
- 2.2. If a word used in these rules is not defined in the rules but is defined in the Pension Funds Act, it must be assumed that the word means what the Pension Funds Act says that it means.
- 2.3. Unless these rules say otherwise, if a word appears in the singular, it must be read to include the plural. Likewise, if a word appears in the plural, it must be read to include the singular.
- 2.4. Unless it is clear from the context that this is not so, the following terms will have the meaning set out next to them:
 - 2.4.1. "ACTUARY" means the actuary of the FUND appointed by the BOARD in terms of the RULES;
 - 2.4.2. "APPROVED FUND" means a pension fund, a provident fund or a retirement annuity fund as defined in the Income Tax Act, 1962, and, if the fund is a preservation pension fund or a preservation provident fund, it will only be an APPROVED FUND if amounts transferred to it are transferred in accordance with the SARS circular RF 1/98 or any circular that replaces it;

- 2.4.3. "AUTHORITY" shall mean the Financial Sector Conduct Authority and/or the Prudential Authority, as appropriate, established in terms of the provisions of the Financial Sector Regulation Act, 2017.
- 2.4.4. "BOARD" means the FUND'S board of management referred to in rule 20;
- 2.4.5. "COMPONENTS" mean the RETIREMENT COMPONENT, SAVINGS COMPONENT, VESTED ANNUITY COMPONENT and the VESTED LUMP SUM COMPONENT held by the FUND on behalf of each MEMBER. ¹
- 2.4.6. "COUNCIL" means the City of Johannesburg Metropolitan Municipality;
- 2.4.7. "CONTRIBUTIONS" means the contributions which must be paid to the FUND by MEMBERS and EMPLOYERS in terms of the RULES;
- 2.4.8. "DEFERRED RETIREE" means a MEMBER who has retired from his employment with an EMPLOYER and elected to defer his retirement benefit in terms of rule 8.4;
- 2.4.9. "DEPENDANT" means -
- 2.4.9.1. a person in respect of whom the MEMBER is legally liable for maintenance;
- 2.4.9.2. a person in respect of whom the MEMBER is not legally liable for maintenance, if such person -
- (a) was in the opinion of the BOARD upon the death of the MEMBER in fact dependent on the MEMBER for maintenance;
 - (b) is the spouse of the MEMBER;
 - (c) is the child of a MEMBER, including a posthumous child, an adopted child and a child born out of wedlock;

¹ Inserted via Rule Amendment 7 effective 1 September 2024

- 2.4.9.3. a person in respect of whom the MEMBER would have become legally liable for maintenance, had the MEMBER not died;
- 2.4.10. "DISABLEMENT" means, in the opinion of the insurer, or other medical practitioner chosen by the FUND, which assesses the disability claims by MEMBERS of the FUND, permanently incapable, as a result of infirmity of body or mind, of performing -
- 2.4.10.1. the duties required of the MEMBER immediately before his or her DISABLEMENT; or
- 2.4.10.2. the duties which would be required of a person in a position for which the MEMBER is suitable by reason of his or her training, experience and/or ability.
- "DISABLED" means subject to DISABLEMENT. If a person who joins the FUND after the date on which employees of his or her EMPLOYER first became eligible for membership becomes DISABLED during the first year of his or her membership as a direct or indirect consequence of an illness or injury suffered by him or her before he or she became a MEMBER, this shall not be regarded as DISABLEMENT for the purposes of the RULES, unless determined otherwise by the BOARD;
- 2.4.11. "EMPLOYER" means the COUNCIL and any municipal entity created in accordance with the provisions of the Municipal Systems Act 2000 (Act 32 of 2000) over which the COUNCIL exercises ownership control as contemplated by that Act;
- 2.4.12. "FINANCIAL YEAR" means the 365 days, or in the case of a leap year, the 366 days, leading to and including the FINANCIAL YEAR END;
- 2.4.13. "FINANCIAL YEAR END" means 30 June each year;
- 2.4.14. "FORMER FUNDS" means the Johannesburg Municipal Pension Fund, the City of Johannesburg Pension Fund, the Diepmeadow Pension Fund, the Soweto City Council Pension Fund, the Johannesburg Municipal Group Life Assurance and Provident Fund, the National Retirement Fund for Municipal Workers, the South African Municipal Workers Union Provident Fund, the MESHAWU National Local Authority Retirement Fund, the Joint Municipal Pension Fund, the Municipal

Employees Pension Fund, the Municipal Employees Gratuity Fund and the South African Local Authorities Pension Fund;

- 2.4.15. "FUND" means this fund;
- 2.4.16. "FUND CREDIT" means, for each MEMBER the amount in his or her Fund Account referred to in rule 34.2.1, comprising the various COMPONENTS referred to in rule 34.6, rule 34.7, rule 34.8 and rule 34.9;²
- 2.4.17. "FUNERAL BENEFIT POLICY" means the policy of insurance concluded between an EMPLOYER and an insurer in terms of which the insurer on behalf of the EMPLOYER will grant an amount to be used for the payment of funeral costs on the death of the MEMBER or his or her DEPENDANT;
- 2.4.18. "HOUSING PURPOSES" means for the purposes of -
- 2.4.18.1. to buy land on which a residence has been or will be built and which is or will be occupied by the MEMBER or a DEPENDANT of the MEMBER;
- 2.4.18.2. to build a residence on land
- (a) owned by the MEMBER and/or the person to whom he or she is MARRIED; or
- (b) which the MEMBER and/or the person to whom he or she is MARRIED has the right to own as a result of his or her occupation of the land,
- for the MEMBER or his or her DEPENDANT to live in; or
- 2.4.18.3. to improve or change or to maintain or repair the residence which belongs to the MEMBER or his or her DEPENDANT or which he or she has the right to own as a result of his or her occupation of the residence and which is occupied by the MEMBER or his or her DEPENDANT,

² Amended via Rule Amendment 7 effective 1 September 2024

if the right to occupy the land or residence arises by operation of any custom or law other than a temporary lease or arrangement;

- 2.4.19. "MARRIED" means being a party to an intimate, sexual and financially mutually dependent relationship with the MEMBER which, in the opinion of the BOARD, is or was intended to be a life-long intimate, sexual and financially mutually dependent relationship to the exclusion of all other such relationships in which the MEMBER is or was involved other than intimate, sexual and financially mutually dependent relationships which likewise are or were, in the opinion of the BOARD, intended to be life-long. Such a relationship may be or may have been between a man and a woman, between two men or between two women. It may or may not be or have been recognised by the state, the community or the organised body of the religion to which one or both of the persons in the relationship subscribes or subscribed;
- 2.4.20. "MEMBER" means a person, including a DEFERRED RETIREE, a PAID-UP MEMBER or a PAID-UP (PROMOTED OR CONTRACT) MEMBER, who has become a MEMBER of this FUND in terms of these RULES and whose membership has not terminated in terms of the RULES;³
- 2.4.21. "NORMAL RETIREMENT AGE" means -
- 2.4.21.1. for a MEMBER who was 55 or over on the date on which he or she commenced membership of the FUND following his or her transfer from his or her FORMER FUND, what would have been his or her normal retirement age, if this was over age 63, in terms of the rules of his or her FORMER FUND had he or she not transferred from it; and
- 2.4.21.2. for all other MEMBERS, all DEFERRED RETIREES and all PAID-UP MEMBERS: Age 63.
- 2.4.22. "NORMAL RETIREMENT DATE" means the last day of the month in which a MEMBER reaches his or her NORMAL RETIREMENT AGE;

³ Amended via Rule Amendment 4 effective 1 October 2023

- 2.4.23. "PAID-UP MEMBER" means a MEMBER who has left his or her employment with an EMPLOYER, other than through retirement, death or DISABLEMENT, and who has elected or been defaulted to leave his or her benefit in the Fund in terms of rule 9.1.3;
- 2.4.24. PAID-UP (PROMOTED OR CONTRACT) MEMBER" means a member who is permitted to cease contributions to the Fund in terms of RULE 6.2.1.2 or RULE 49.1. ⁴
- 2.4.25. "PENSIONABLE EARNINGS" means -
- 2.4.25.1. for MEMBERS who are remunerated on a total cost to company (total package) basis, 65% of the MEMBER'S total package each month; or
- 2.4.25.2. for other MEMBERS, a MEMBER'S monthly salary or wages as at the first day of the month in which CONTRIBUTIONS are payable, or, if a MEMBER'S PENSIONABLE EARNINGS have been reduced and the MEMBER, with the consent of his or her EMPLOYER in writing requests this, the MEMBER'S monthly salary or wages immediately before they were reduced; and
- 2.4.25.3. for all MEMBERS, such allowances, bonuses, payments in respect of overtime and commissions as his or her EMPLOYER may notify the FUND in writing are to be treated as pensionable;
- 2.4.26. "PENSION INTEREST" means the MEMBER'S FUND CREDIT on the date of the court order, excluding the amount of any guarantee or loan in terms of rule 14.1. ⁵
- 2.4.27. "RETIREMENT COMPONENT" means the portion of each MEMBER'S FUND CREDIT administered by the FUND as a RETIREMENT COMPONENT as set out in rule 34.6. ⁶
- 2.4.28. "RULES" means these rules;

⁴ Inserted via Rule Amendment 4 effective 1 October 2023

⁵ Inserted via Rule Amendment 7 effective 1 September 2024

⁶ Inserted via Rule Amendment 7 effective 1 September 2024

- 2.4.29. "SARS" means the South African Revenue Service;
- 2.4.30. "SAVINGS COMPONENT" means the portion of each MEMBER'S FUND CREDIT administered by the FUND as a SAVINGS COMPONENT as set out in rule 34.7.⁷
- 2.4.31. "SAVINGS COMPONENT SEEDING AMOUNT" means the amount calculated in terms of rule 34.10.1.⁸
- 2.4.32. "VESTED ANNUITY COMPONENT" means the portion of each MEMBER'S FUND CREDIT administered by the FUND as a VESTED ANNUITY COMPONENT as set out in rule 34.8.⁹
- 2.4.33. "VESTED LUMP SUM COMPONENT" means the portion of each MEMBER'S FUND CREDIT administered by the FUND as a VESTED LUMP SUM COMPONENT as set out in rule 34.9.¹⁰
- 2.4.34. "VESTED TRANSFER BENEFIT" means in respect of any period of membership up to 1 September 2024, for the purposes of determining the maximum amount that may be commuted for a lump sum on retirement and for the transfer to the MEMBER'S VESTED LUMP SUM COMPONENT in terms of rule 34.9.2.1 on 1 September 2024, the VESTED TRANSFER BENEFIT shall be any amount reflected as such by the transferor fund that is transferred into the FUND on behalf of a MEMBER on or after 1 March 2021, plus investment earnings and losses thereon in the FUND, where such amount is:^{11 12}
- (a) in respect of a MEMBER who was 55 years or older on 1 March 2021 and who was a member of a provident fund or a provident preservation fund on that date, the whole or that part, as applicable, of the MEMBER'S benefit in that fund when the MEMBER first left that fund on or after 1 March 2021, plus investment earnings and losses on that amount in any subsequent fund that is transferred to the FUND, and

⁷ Inserted via Rule Amendment 7 effective 1 September 2024

⁸ Inserted via Rule Amendment 7 effective 1 September 2024

⁹ Inserted via Rule Amendment 7 effective 1 September 2024

¹⁰ Inserted via Rule Amendment 7 effective 1 September 2024

¹¹ Inserted via Rule Amendment 3 effective 1 July 2022

¹² Amended via Rule Amendment 7 effective 1 September 2024

(b) in respect of a MEMBER who was younger than 55 years on 1 March 2021 and who was a member of a provident fund or provident preservation fund on that date, the whole or that part, as applicable, of the MEMBER'S benefit in that fund as at 1 March 2021, plus investment earnings and losses on that amount in that fund and in any subsequent fund that is transferred to the FUND.

2.5. These rules are not conditions of service. They do not affect the right of an EMPLOYER to terminate the employment of a MEMBER or the right of a MEMBER to leave the employment of that EMPLOYER.

3. COMMENCEMENT DATE, NAME OF AND NATURE OF THE FUND AND PHYSICAL ADDRESS OF ITS REGISTERED OFFICE

3.1. Name and nature of the Fund

The name of the FUND is the eJoburg Retirement Fund. It is a fund for employees of one or more "local authorities" as defined in the Income Tax Act and employees of entities over which such local authorities have ownership control as defined in the Municipal Structures Act.

3.2. Date of commencement

Although it was registered later, this FUND commenced with effect on 1 July 2000.

4. REGISTERED OFFICE

The registered office of the FUND is c/o Momentum Retirement Administrators, 129 Rivonia Road, Sandton, 2146. The FUND'S registered office can be changed by the BOARD with effect from the date on which the required rule amendment is registered by the AUTHORITY.

5. OBJECTS OF THE FUND

The objects of the fund are to provide retirement and other benefits for employees and former employees of EMPLOYERS and their DEPENDANTS.

PART B: MEMBERSHIP AND CONTRIBUTIONS

6. MEMBERSHIP

6.1. Eligibility for membership

Every person employed by an EMPLOYER who is not required to belong to a bargaining council pension or provident fund (and those people on a fixed term contract of three years or more where the contract of employment requires them to join the FUND) is eligible for membership of this FUND.

6.2. Compulsory membership of this fund ¹³

6.2.1. Every person who is eligible for membership of this FUND must become a MEMBER of it with effect from the first day of the month immediately after his or her EMPLOYER notifies the FUND that his or her membership has become a condition of his or her employment. Provided that:

6.2.1.1. no employee of an EMPLOYER may be required to belong to the FUND during any period during which that EMPLOYER is obliged to pay contributions to a FORMER FUND in respect of such person or that person is a contributory member of a FORMER FUND in accordance with the rules of that FORMER FUND as amended from time to time;

6.2.1.2. an employee who on or after 1 January 2016 is:

- a) either appointed or promoted as a senior employee or contract employee of the COUNCIL who is employed in terms of Section 54A or Section 56 of the Local Government Municipal Systems Act of 2002 (as amended); or
- b) either appointed or promoted as a senior employee or contract employee of a Municipal Entity who is deemed to be employed in terms of Section 54A or Section 56 of the Local Government Municipal Systems Act of 2002 (as amended); or

¹³ Amended via Rule Amendment 4 effective 1 October 2023

c) appointed as a fixed term contract appointment in the legislative office; or

d) appointed as a foreign national on a fixed term contract;

shall not be required to join the FUND or to continue contributions to the FUND, as applicable, if:

i) his or her employment contract does not require him or her to do so; and

ii) the EMPLOYER confirms in writing to the FUND that the employee has sufficient retirement, death and disability cover through a personal or other arrangement; and

iii) the EMPLOYER confirms in writing to the FUND that the employee has been made aware of in writing, and the employee has confirmed acceptance of in writing, that he or she and his or her dependants understand the consequences of not being covered for the benefits provided by the FUND; and

iv) the EMPLOYER has indemnified the FUND in writing from any claim the employee and/or his or her dependants may institute against the FUND for benefits they would have received from the FUND had the employee joined or continued contributions to the FUND, as applicable;

provided that if such a MEMBER ceases contributions to the FUND, he or she shall become a PAID-UP (PROMOTED OR CONTRACT) MEMBER subject to RULE 49.2.

6.2.2. Subject to rules 6.2.1.2, 6.6 and 47, a MEMBER may not withdraw from membership while he or she remains employed by an EMPLOYER. It is specifically provided that the following events shall not constitute a cessation of employment in respect of a MEMBER:

6.2.2.1. change from permanent employment status to fixed term contract employment status; or

6.2.2.2. change from fixed term contract employment status to permanent employment status; or

6.2.2.3. renewal of a fixed term contract of employment;

unless there is a period of at least one calendar month between the dates of the change in the employment status or between the cessation and recommencement of the contract, as the case may be.

6.3. Temporary absence

6.3.1. If a MEMBER is absent from work for less than one month, he or she will remain a MEMBER of the FUND while he or she is absent.

6.3.2. If a MEMBER is absent from work for longer than a month with the permission of his or her EMPLOYER then the MEMBER will remain a MEMBER of the FUND throughout the period of his or her absence provided that –

6.3.2.1. the continuation of such membership shall be subject to such conditions as may be set by the insurer which underwrites the death and disability benefits payable by the FUND;

6.3.2.2. unless the MEMBER pays both his or her own CONTRIBUTIONS and the CONTRIBUTIONS otherwise payable by his or her EMPLOYER, no portion of any CONTRIBUTIONS paid to the FUND will be allocated to the MEMBER'S FUND CREDIT and the MEMBER will remain liable to make such CONTRIBUTIONS are required to be paid in terms of the RULES in respect of death and disability benefits and administration expenses; and

6.3.2.3. if the MEMBER'S PENSIONABLE EARNINGS are reduced during the period of his or her absence, for the purpose of calculating the CONTRIBUTIONS payable by the MEMBER, and for the purpose of determining the MEMBER'S benefits during his or her absence from work, the MEMBER'S reduced PENSIONABLE EARNINGS during the period will be used.

- 6.3.3. If a MEMBER participates in a protected strike for more than one month, and has no PENSIONABLE EARNINGS during the period, then,
- 6.3.3.1. subject to any conditions set by the FUND'S insurer of death and disability benefits or determined by the BOARD on the advice of the ACTUARY,
 - 6.3.3.2. the MEMBER will remain a MEMBER of the FUND; but
 - 6.3.3.3. the MEMBER'S EMPLOYER will not have to make any CONTRIBUTIONS in respect of the MEMBER'S FUND CREDIT; and
 - 6.3.3.4. the EMPLOYER, may, at its sole discretion, make CONTRIBUTIONS in respect of death and disability benefits for the MEMBER for the first three months of his or her absence.

For any period during which the EMPLOYER does not make CONTRIBUTIONS in respect of death and disability benefits, no such benefits will be payable.

- 6.3.4. If a MEMBER is absent from work without his or her EMPLOYER'S permission, then the EMPLOYER will not be obliged to pay CONTRIBUTIONS to the FUND in respect of him or her and the MEMBER will not be entitled to death or disability benefits if he or she dies or is DISABLED during his or her absence from work, unless the EMPLOYER continues to pay CONTRIBUTIONS during such period of absence.¹⁴

6.4. Continued membership of section 197 transferees

If the employment of a MEMBER is transferred to a new EMPLOYER in terms of section 197 of the Labour Relations Act, that MEMBER may remain a MEMBER of the FUND for such period and on such conditions as the BOARD may decide. For so long as the MEMBER remains a MEMBER in terms of this rule, his or her

¹⁴ Replaced via Rule Amendment 3 effective 1 July 2022

new employer will become an EMPLOYER in respect of that MEMBER for the purposes of the RULES.

6.5. Termination of membership on termination of service

6.5.1. Subject to rule 6.4, rule 8.4 and rule 9.1.3, a MEMBER who ceases to be employed by an EMPLOYER automatically ceases to be a MEMBER of the FUND and will become qualified for benefits payable in terms of these RULES.

6.5.2. No death benefits in terms of rule 10.2.2 or disability benefits in terms of rule 11.3 will be paid in respect of a MEMBER who dies or becomes DISABLED after he or she ceases to be a MEMBER or in respect of a DEFERRED RETIREE or a PAID-UP MEMBER who dies or becomes DISABLED after the date of his or her retirement or exit from employment, as appropriate.

6.6. Compulsory membership of bargaining council fund

If a MEMBER is required by law or collective agreement to belong to a fund established by a bargaining council in terms of the Labour Relations Act, he or she will cease to be a MEMBER of the FUND and his or her FUND CREDIT, less any tax which must be deducted from it and any other deductions which may be made in terms of these RULES, must be transferred to the bargaining council fund. No death and disability benefits will be paid in respect of a MEMBER who dies or becomes DISABLED after he or she ceases to be a MEMBER. After the FUND CREDIT has been transferred the FUND will have no further liability in respect of the MEMBER.

6.7. New employers

The BOARD may admit to membership the employees employed by any entity which becomes an EMPLOYER subject to such conditions as the BOARD, after consulting with the ACTUARY, may decide. The BOARD may require the new EMPLOYER to make special payments to the FUND to ensure that the admission of its employees to membership will not be to the disadvantage of the existing MEMBERS.

6.8. Members must provide information

When required by the BOARD, a MEMBER must provide it with satisfactory proof of his or her age and that of his or her DEPENDANTS and must give the BOARD any other information it may reasonably require from time to time. If a MEMBER does not comply with this rule, the BOARD may withhold payment of benefits to him or her or his or her DEPENDANTS or other beneficiaries until the proof or information is provided. If the information provided is false or wrong, the FUND will not be liable for any loss sustained by a MEMBER, DEPENDANT or other beneficiary as a result.

6.9. Medical testing

The BOARD is entitled, but is not required, to require a MEMBER to submit to a comprehensive medical examination within six months after he or she joins the FUND and at any point to assess whether the MEMBER can be covered for benefits in excess of any "evidence of health" limits. The cost of the examinations will be borne by the FUND and the medical practitioner or practitioners who will examine the MEMBER will be chosen by the FUND, or, if it so decides, the insurer or insurers referred to in rule 11.1. The purpose of the examination will be to ensure fairness in the provision of death and disability benefits. The BOARD will request the person or persons who performs or perform the examination to make recommendations to the BOARD or the insurer or insurers, as the case may be, on the extent to which the benefits which may become payable to the MEMBER on his or her death or DISABLEMENT should be reduced in the light of the state of his or her health at the time of the examination.

7. CONTRIBUTIONS

7.1. Member contributions

7.1.1. Each MEMBER must contribute to the FUND at a rate of 7.5% of his or her PENSIONABLE EARNINGS, provided that a MEMBER who is employed by Joburg Market as at 1 March 2021, and who either elects to join the FUND in terms of an option offered by Joburg Market or who is required to join the FUND by Joburg Market on the liquidation of his or her existing retirement fund arrangement, may elect to contribute at 2.5% of his or her PENSIONABLE EARNINGS for the first twelve months of membership, 5.0% of his or her PENSIONABLE EARNINGS for the

next twelve months of membership and 7.5% of his or her PENSIONABLE EARNINGS thereafter. ^{15 16}

- 7.1.2. A MEMBER may at any time make additional contributions to the Fund. The level of a MEMBER'S additional contributions shall be such amounts as are approved by the BOARD.
- 7.1.3. Subject to the approval of the BOARD, a MEMBER may at any time make a lump sum contribution to the Fund. The lump sum contribution shall be allocated one-third to the MEMBER'S SAVINGS COMPONENT and two-thirds to the MEMBER'S RETIREMENT COMPONENT. ¹⁷
- 7.1.4. A MEMBER who was a member of any other APPROVED FUND, other than a retirement annuity fund, prior to becoming a MEMBER of the FUND may transfer the benefit to which he is entitled on leaving that fund into the FUND. Such transfer benefit will be allocated to matching COMPONENTS in the FUND. ¹⁸
- 7.1.5. Notwithstanding the provisions of rules 7.1.1 to rule 7.1.4, DEFERRED RETIREES and PAID-UP MEMBERS shall not be permitted to make contributions to the FUND.
- 7.1.6. Any CONTRIBUTIONS made by a MEMBER in terms of rule 7.1.1 or rule 7.1.2 shall be allocated as follows: ¹⁹
- 7.1.6.1. CONTRIBUTIONS in respect of periods of service prior to 1 September 2024, which are allocated to a MEMBER'S FUND CREDIT after 31 August 2024 shall be allocated to the MEMBER'S VESTED ANNUITY COMPONENT; and
- 7.1.6.2. CONTRIBUTIONS in respect of periods of service on or after 1 September 2024, which are allocated to a MEMBER'S FUND CREDIT after 31 August 2024 shall be allocated as follows:

¹⁵ Amended via Rule Amendment 1 effective 1 March 2021

¹⁶ Amended via Rule Amendment 2 effective 1 November 2021

¹⁷ Replaced via Rule Amendment 7 effective 1 September 2024

¹⁸ Replaced via Rule Amendment 7 effective 1 September 2024

¹⁹ Inserted via Rule Amendment 7 effective 1 September 2024

- (a) one-third to the MEMBER'S SAVINGS COMPONENT;
and
- (b) two-thirds to the MEMBER'S RETIREMENT COMPONENT.

7.2. Employer contributions

7.2.1. Subject to rule 6.3.2 and rule 6.3.3 -

7.2.1.1. an EMPLOYER must contribute to the FUND in respect of a MEMBER employed by it at the rate of 14.5% of his or her PENSIONABLE EARNINGS of which as the BOARD, after consulting with the ACTUARY, may decide –

- (a) not less than 7.5% must be credited to the MEMBER'S Fund Account in respect of retirement savings; and
- (b) up to 7.0% may be used for the payment of premiums payable by the FUND, or for self-insurance premiums retained in the Risk Reserve Account, in respect of death and disability benefits payable by the FUND and to pay for the costs of the administration and other expenses of the FUND, provided the amount allocated to the costs of the administration and other expenses of the FUND is limited to 1%.

7.2.1.2. the EMPLOYER must, in addition, contribute to the FUND in respect of each such MEMBER the difference between the amounts payable by it to an insurer or insurers in terms of the FUNERAL BENEFIT POLICY and an additional 0.5% of the MEMBER'S PENSIONABLE EARNINGS. This additional contribution, if there is a difference, may be used for the payment of premiums payable by the FUND, or retained in the Risk Reserve Account, in respect of death and disability benefits payable by the FUND or otherwise must be retained in the MEMBER'S Fund Account.

7.2.1.3. notwithstanding rule 7.2.8.1, where a MEMBER is over his or her NORMAL RETIREMENT AGE or is within the waiting

period described in rule 11.1.2, the contributions in respect of DISABLEMENT benefits shall instead be retained in his or her Fund Account to increase retirement savings.^{20 21 22 23}

- 7.2.2. Subject to the approval of the BOARD, an EMPLOYER may at any time make a lump sum contribution in respect of a MEMBER.²⁴
- 7.2.3. A MEMBER who joins the FUND on or after 1 July 2009 and who, on the date of joining the FUND, is on the fifth reporting level or above and is remunerated on a total cost to company (total package) basis, may on joining the FUND and subject to the consent of his or her EMPLOYER elect an EMPLOYER contribution rate (inclusive of the 0.5% paid outside of the FUND in terms of rule 7.2.1.2) of 7.5%, 12% or 15% of his or her PENSIONABLE EARNINGS. Should the MEMBER select an EMPLOYER contribution rate of 7.5% or 12% of his or her PENSIONABLE EARNINGS, then –
- 7.2.3.1. the rate of 14.5% in rule 7.2.1.1 shall be read as 7% or 11.5%, respectively;
- 7.2.3.2. the rate of 7.5% in rule 7.2.1.1(a) shall be read as 0% or 4.5%, respectively; and
- 7.2.3.3. the MEMBER may effective at any FINANCIAL YEAR END of the FUND elect to increase the EMPLOYER contribution rate paid on his or her behalf to such higher contribution rates as are allowed in terms of this rule 7.2.3.
- 7.2.4. A MEMBER who joined the FUND with an effective date during the period 25 November 2008 to 30 June 2009 and who, on the date of joining the FUND, was on the fifth reporting level or above and is remunerated on a total cost to company (total package) basis, may with an effective date of 1 March 2010 and subject to the consent of his or her EMPLOYER, elect an EMPLOYER contribution rate (inclusive of the 0.5% paid outside of the FUND in terms of rule 7.2.1.2) of 7.5%, 12% or

²⁰ Amended via Rule Amendment 6 effective 1 July 2024

²¹ Old Rule 7.2.1.4 replaced via Rule Amendment 6 effective 1 July 2024

²² Replaced via Rule Amendment 7 effective 1 September 2024

²³ Rule 7.2.1.4 deleted via Rule Amendment 7 effective 1 September 2024

²⁴ Replaced via Rule Amendment 7 effective 1 September 2024

15% of his or her PENSIONABLE EARNINGS. Should the MEMBER select an EMPLOYER contribution rate of 7.5% or 12% of his or her PENSIONABLE EARNINGS, then –

7.2.4.1. the rate of 14.5% in rule 7.2.1.1 shall be read as 7% or 11.5%, respectively;

7.2.4.2. the rate of 7.5% in rule 7.2.1.1(a) shall be read as 0% or 4.5%, respectively; and

7.2.4.3. the MEMBER may effective at any FINANCIAL YEAR END of the FUND elect to increase the EMPLOYER contribution rate paid on his or her behalf to such higher contribution rates as are allowed in terms of this rule 7.2.4.

7.2.5. A MEMBER who is in the employ of Joburg Tourism Company on 1 April 2013 and who joins the FUND on that date or who is an employee of Johannesburg Fleet Africa and whose employment is transferred to the City of Johannesburg, shall have an EMPLOYER contribution rate (inclusive of the 0.5% paid outside of the FUND in terms of rule 7.2.1.2) paid on his or her behalf as follows:

7.2.5.1. for the period from 1 April 2013 to 30 June 2014, 7.5% of his or her PENSIONABLE EARNINGS, in which case the rate of 14.5% in rule 7.2.1.1 shall be read as 7% and the rate of 7.5% in rule 7.2.1.1(a) shall be read as 0%;

7.2.5.2. for the period from 1 July 2014 to 30 June 2015, 10% of his or her PENSIONABLE EARNINGS, in which case the rate of 14.5% in rule 7.2.1.1 shall be read as 9.5% and the rate of 7.5% in rule 7.2.1.1(a) shall be read as 2.5%;

7.2.5.3. for the period from 1 July 2015 to 30 June 2016, 12.5% of his or her PENSIONABLE EARNINGS, in which case the rate of 14.5% in rule 7.2.1.1 shall be read as 12% and the rate of 7.5% in rule 7.2.1.1(a) shall be read as 5%; and

7.2.5.4. from 1 July 2016, 15% of his or her PENSIONABLE EARNINGS, in which case the rates set out in rule 7.2.1.1 and rule 7.2.1.1(a) shall apply.

- 7.2.6. In addition to the EMPLOYER contributions payable in terms of rules 7.2.1 to 7.2.5, the EMPLOYER will pay the following contributions with effect from 1 November 2014 for all MEMBERS, other than MEMBERS deemed by the EMPLOYER to be “section 57 employees” in terms of the Municipal Systems Act and those MEMBERS who have been formally notified by their EMPLOYER that their remuneration package will not be increased: ²⁵
- 7.2.6.1. for all MEMBERS who are contributory MEMBERS of the FUND on 1 November 2014, a lump sum amount equal to 3% of the MEMBER’S PENSIONABLE EARNINGS for the period from 1 December 2013 to 31 October 2014; and
- 7.2.6.2. for all contributory MEMBERS from 1 November 2014, 3% of the MEMBER’S PENSIONABLE EARNINGS.
- 7.2.7. Notwithstanding the provisions of rules 7.2.1 to rule 7.2.6, no EMPLOYER contributions shall be permitted to the FUND in respect of DEFERRED RETIREES and PAID-UP MEMBERS.
- 7.2.8. The EMPLOYER CONTRIBUTIONS in terms of rule 7.2 shall be allocated as follows: ²⁶
- 7.2.8.1. the portion of the EMPLOYER CONTRIBUTION required to meet the premiums in respect of the FUNERAL BENEFIT POLICY shall be paid to the applicable insurer and the portion of the EMPLOYER contribution required to meet the insurance or self-insurance premiums, as appropriate, payable for each MEMBER in respect of death and DISABLEMENT benefits payable by the FUND in terms of rule 7.2.1.1(b) and rule 7.2.1.2 shall be paid to the Risk Reserve Account;
- 7.2.8.2. the portion of the EMPLOYER contribution, as determined by the BOARD, required to meet the costs of the administration and other expenses of the FUND in terms of RULE 7.2.1.1(b) shall be paid into the General Reserve Account; and

²⁵ Replaced via Rule Amendment 7 effective 1 September 2024

²⁶ Inserted via Rule Amendment 7 effective 1 September 2024

7.2.8.3. the balance of the EMPLOYER CONTRIBUTION shall be allocated as follows:

- (a) CONTRIBUTIONS in respect of periods of service prior to 1 September 2024, which are allocated to a MEMBER'S FUND CREDIT after 31 August 2024 shall be allocated to the MEMBER'S VESTED ANNUITY COMPONENT; and
- (b) CONTRIBUTIONS in respect of periods of service on or after 1 September 2024, which are allocated to a MEMBER'S FUND CREDIT after 31 August 2024 shall be allocated as follows:
 - (i) one-third to the MEMBER'S SAVINGS COMPONENT; and
 - (ii) two-thirds to the MEMBER'S RETIREMENT COMPONENT.

7.3. Payment of contributions

7.3.1. An EMPLOYER must pay to the FUND within seven days after the end of the month for which CONTRIBUTIONS must be paid -

7.3.1.1. the CONTRIBUTIONS it must pay in terms of these RULES;

7.3.1.2. the CONTRIBUTIONS which MEMBERS employed by it must pay in terms of these RULES and which the EMPLOYER has deducted from their remuneration.

7.3.2. If an EMPLOYER pays the CONTRIBUTIONS late, it must pay interest on the unpaid CONTRIBUTIONS at the rate required in terms of the Pension Funds Act.

PART C: BENEFITS

8. BENEFITS PAYABLE ON THE RETIREMENT OF A MEMBER

8.1. On the retirement of a MEMBER at

- 8.1.1. his or her NORMAL RETIREMENT AGE; or
- 8.1.2. an earlier date agreed with his or her EMPLOYER but not before he or she reaches the age of 55; or
- 8.1.3. a later date agreed with his or her EMPLOYER but not after he or she reaches the age of 70; or
- 8.1.4. the date, which may be at any age permitted by legislation but not before age 55 unless the person becomes DISABLED, selected in writing by a PAID-UP MEMBER or by a MEMBER who has elected to become a DEFERRED RETIREE in terms of rule 8.4

the MEMBER will become entitled to:

- a) the annuity which may be purchased in his or her name by the FUND from an insurer registered in terms of the Long Term Insurance Act chosen by him or her, or, if he or she does not choose an insurer, chosen by the FUND, with his or her FUND CREDIT, less any amount (inclusive of any tax payable on this lump sum amount) which is paid as a lump sum to the MEMBER at his or her request, provided that: ²⁷ ²⁸
 - i) the lump sum amount shall be subject to a maximum of his or her SAVINGS COMPONENT plus his or her VESTED LUMP SUM COMPONENT plus one-third of his or her VESTED ANNUITY COMPONENT; and
 - ii) if the total of his or her RETIREMENT COMPONENT plus two-thirds of his or her VESTED ANNUITY COMPONENT is less than R165 000 or such other amount prescribed by legislation or any practice note or circular issued by SARS, then the total retirement benefit may, at the election of the MEMBER, be paid as a lump sum benefit; and

²⁷ Replaced via Rule Amendment 3 effective 1 July 2022

²⁸ Replaced via Rule Amendment 7 effective 1 September 2024

- iii) if the MEMBER has ceased to be a tax resident for an uninterrupted period of 3 years or departs from South Africa at the expiry of a work or visit visa and subject to any conditions determined by SARS, the MEMBER may elect to be paid his or her full benefit entirely in cash; or
 - b) transfer his or her FUND CREDIT to an APPROVED FUND selected by the MEMBER, as permitted by legislation.
- 8.2. The annuity purchased by the FUND in terms of rule 8.1 must be compulsory and must not be convertible into cash or assignable to any other person. It must be payable for and based on the lifetime of the MEMBER and must not be capable of being transferred, assigned, reduced, hypothecated or attached by creditors. It may, however, be a "living annuity".
- 8.3. Once the FUND CREDIT has been transferred on behalf of the MEMBER or the annuity has been purchased from the insurer, as appropriate, the FUND will have no further liability towards the MEMBER and/or his or her DEPENDANTS.
- 8.4. A MEMBER who retires from employment in terms of rule 8.1.1 to rule 8.1.3 or in terms of rule 11, may elect to become a DEFERRED RETIREE, provided that:
 - 8.4.1. the MEMBER has at least two years of combined membership in the FUND or in a FORMER FUND;
 - 8.4.2. the election is made in writing to the FUND and is received by the FUND no later than six months after the date of the MEMBER'S retirement from employment;
 - 8.4.3. where an election is not received in accordance with rule 8.4.2, the MEMBER'S benefit will be treated as an unpaid benefit due to the MEMBER;
 - 8.4.4. subject to rule 14.4, the MEMBER'S full FUND CREDIT must be retained in the FUND during the period of deferred retirement and the DEFERRED RETIREE shall not be permitted to withdraw part or all of the FUND CREDIT prior to the date of retirement from the FUND or the

date of death, as applicable, other than SAVINGS COMPONENT withdrawals in terms of rule 34.12.1;²⁹

- 8.4.5. a DEFERRED RETIREE who becomes re-employed by an EMPLOYER, whilst the FUND CREDIT of such a re-employed DEFERRED RETIREE is still retained in the FUND, shall be treated in all respect as a new MEMBER of the FUND whose benefits will accrue separately from his or her deferred retirement benefit;
- 8.4.6. an amount, as determined by the BOARD from time to time, to cover any direct or indirect expense incurred by the FUND in respect of the DEFERRED RETIREE shall be deducted by the FUND from each DEFERRED RETIREE'S COMPONENTS in his or her FUND CREDIT each month. In addition, any costs incurred by the FUND in order to trace the DEFERRED RETIREE or the beneficiaries of a deceased DEFERRED RETIREE or costs ancillary thereto, shall be deducted by the FUND from such DEFERRED RETIREE'S COMPONENTS in his or her FUND CREDIT as and when such costs are incurred; and³⁰
- 8.4.7. the conditions set out in any practice note recorded by the BOARD in terms of rule 25.9 shall apply to the DEFERRED RETIREE.

9. BENEFITS PAYABLE ON THE TERMINATION OF A MEMBER'S MEMBERSHIP OTHER THAN ON HIS OR HER RETIREMENT, DISABLEMENT, DEATH OR TRANSFER TO ANOTHER FUND

- 9.1. If a MEMBER stops being a MEMBER because he or she has resigned from employment prior to his or her NORMAL RETIREMENT AGE, has been dismissed or retrenched or for any reason other than his or her retirement, DISABLEMENT or death or transfer to another fund, the FUND must either at his or her written request, within six months –³¹ ³²
- 9.1.1. pay to him or her his or her FUND CREDIT, excluding his or her RETIREMENT COMPONENT and subject to any conditions determined by SARS his or her SAVINGS COMPONENT, in which case he or she

²⁹ Replaced via Rule Amendment 7 effective 1 September 2024

³⁰ Replaced via Rule Amendment 7 effective 1 September 2024

³¹ Replaced via Rule Amendment 3 effective 1 July 2022

³² Replaced via Rule Amendment 7 effective 1 September 2024

may elect to leave his or her RETIREMENT COMPONENT and, if applicable his or her SAVINGS COMPONENT, as a PAID-UP MEMBER benefit in the FUND or transfer them to an APPROVED FUND or transfer his or her full FUND CREDIT to an APPROVED FUND chosen by the MEMBER, as applicable; or

- 9.1.2. pay such portion of the MEMBER'S FUND CREDIT, excluding his or her RETIREMENT COMPONENT and subject to any conditions determined by SARS his or her SAVINGS COMPONENT, as is requested by the MEMBER to the MEMBER and transfer the balance of the MEMBER'S FUND CREDIT to an APPROVED FUND chosen by the MEMBER; or
- 9.1.3. at his or her written request, or should the MEMBER fail to make an election in terms of rule 9.1.1 or rule 9.1.2, retain the MEMBER'S FUND CREDIT in the FUND and the MEMBER shall become a PAID-UP MEMBER; or
- 9.1.4. paid fully in cash if the MEMBER has ceased to be a tax resident for an uninterrupted period of 3 years or departs from South Africa at the expiry of a work or visit visa and subject to any conditions determined by SARS;

provided that:

- (a) where a MEMBER elects a combination of a cash payment and a transfer in terms of rule 9.1.2, any amount paid out in cash, including any tax thereon, shall be deducted from the applicable COMPONENTS; and
 - (b) MEMBERS are given access to retirement benefits counselling before any withdrawal benefit as determined in the FUND RULES is paid to them or any transfer is made to another fund.
- 9.2. A MEMBER who becomes a PAID-UP MEMBER in terms of rule 9.1.3 shall be subject to the following -
- 9.2.1. eligibility for death benefits, retirement and early retirement for PAID-UP MEMBERS is as per FUND RULES and the PAID-UP MEMBER'S FUND CREDIT will be paid out or transferred, as applicable, on the earliest of –

- 9.2.1.1. the PAID-UP MEMBER elects to retire from the FUND in terms of rule 8.1.4;
- 9.2.1.2. subject to the proviso in rule 6.2.2, the PAID-UP MEMBER, prior to his or her NORMAL RETIREMENT AGE, elects to receive or to transfer his or her FUND CREDIT to another APPROVED FUND in terms of rule 9.1.1, rule 9.1.2 or rule 9.1.4; and ^{33 34 35}
- 9.2.1.3. the death of the PAID-UP MEMBER;
- 9.2.2. subject to rule 14.4, the PAID-UP MEMBER may not elect to receive or transfer, as applicable, only a portion of his or her FUND CREDIT in terms of rule 9.2.1 other than SAVINGS COMPONENT withdrawals in terms of rule 34.12.1; ³⁶
- 9.2.3. a PAID-UP MEMBER who becomes re-employed by an EMPLOYER whilst the FUND CREDIT of such a re-employed PAID-UP MEMBER is still retained in the FUND, shall be treated in all respect as a new MEMBER of the FUND whose benefits will accrue separately from his or her paid-up benefit, provided that such a PAID-UP MEMBER may request to have his or her paid-up benefit consolidated into the matching COMPONENTS in his or her new MEMBER record; ^{37 38}
- 9.2.4. an amount, as determined by the BOARD from time to time, to cover any direct or indirect expense incurred by the FUND in respect of the PAID-UP MEMBER shall be deducted by the FUND from each PAID-UP MEMBER'S COMPONENTS in his or her FUND CREDIT each month. In addition, any costs incurred by the FUND in order to trace the PAID-UP MEMBER or the beneficiaries of a deceased PAID-UP MEMBER or costs ancillary thereto, shall be deducted by the FUND from such PAID-UP MEMBER'S COMPONENTS in his or her FUND CREDIT as and when such costs are incurred; and ³⁹

³³ Amended via Rule Amendment 3 effective 1 July 2022

³⁴ Amended via Rule Amendment 6 effective 1 July 2024

³⁵ Replaced via Rule Amendment 7 effective 1 September 2024

³⁶ Replaced via Rule Amendment 7 effective 1 September 2024

³⁷ Amended via Rule Amendment 3 effective 1 July 2022

³⁸ Replaced via Rule Amendment 7 effective 1 September 2024

³⁹ Replaced via Rule Amendment 7 effective 1 September 2024

- 9.2.5. the conditions set out in any practice note recorded by the BOARD in terms of rule 25.9 shall apply to the PAID-UP MEMBER.

10. BENEFITS PAYABLE ON THE DEATH OF A MEMBER

10.1. The FUND must at the discretion of the BOARD –

- 10.1.1. conclude an agreement or agreements with one or more insurers registered in terms of the Long Term Insurance Act in terms of which the FUND will pay premiums in terms of rule 7.2.1.1(b) and rule 7.2.1.2 and the insurer or insurers will pay amounts to the FUND on the deaths of its MEMBERS; and/or
- 10.1.2. self-insure part or all of the death benefits payable from the Risk Reserve Account in the FUND, where the amount of such benefits will be determined by the BOARD from time to time, on the advice of the ACTUARY.

10.2. On the death of a MEMBER there will be payable -

- 10.2.1. his or her FUND CREDIT; and
- 10.2.2. provided the MEMBER is not a DEFERRED RETIREE or a PAID-UP MEMBER, so much as may be payable to the FUND on the MEMBER'S death in terms of the policy or policies of insurance referred to in rule 10.1.1 above and/or payable from the Risk Reserve Account in terms of rule 10.1.2 above. Those amounts must be expressed in the form of a multiple of a MEMBER'S PENSIONABLE EARNINGS reflected in the policy or policies of insurance or the self-insurance policy of the FUND, as applicable. Any change in the multiples must be communicated to MEMBERS before the change comes into effect. The amount payable in respect of a MEMBER on his or her death may be reduced to take account of any medical conditions which the MEMBERS had when they joined the FUND, any medical testing in terms of rule 6.9, any dangerous pastimes in which they were engaged and any other limitation imposed by the insurer or determined by the BOARD on the advice of the ACTUARY.⁴⁰

⁴⁰ Amended via Rule Amendment 4 effective 1 October 2023

less such amounts which may be deducted in terms of the Pension Funds Act.

- 10.3. Subject to the provisions of the Pension Funds Act, these amounts will be paid to the MEMBER'S DEPENDANTS or persons nominated by the MEMBER in writing to receive benefits on his or her death on a basis that the BOARD or any person to whom responsibility for the allocation of death benefits is delegated regards as equitable. The amounts will be paid in the form of one or more pensions each of which, if the BOARD so decides, may be converted into a cash lump sum. Any such pension purchased on behalf of a beneficiary shall be purchased in the name of the beneficiary from an insurer registered in terms of the Long Term Insurance Act.
- 10.4. If the FUND does not become aware of any DEPENDANTS or nominees of the MEMBER within 12 months after his or her death, the death benefits must be paid to the MEMBER'S estate, or, if no inventory in respect of the MEMBER has been received by the Master of the High Court in terms of the Administration of Estates Act, into the Guardian's Fund.
- 10.5. Any benefit allocated to a minor DEPENDANT or minor nominee, may at the sole discretion of the BOARD, and subject to such conditions as may be determined by the BOARD, be paid in any or a combination of the following:
 - 10.5.1. Be paid to a beneficiary fund selected by the BOARD, which is established for the purpose of receiving such payments and which is an APPROVED FUND.
 - 10.5.2. Be paid as a pension purchased in the name of the minor DEPENDANT or minor nominee from an insurer registered in terms of the Long Term Insurance Act.
 - 10.5.3. Be paid to a personal trust established for his or her benefit. Payment to the trust will be deemed to be payment to the minor DEPENDANT or minor nominee.
 - 10.5.4. Be paid to the guardian or custodian of the minor DEPENDANT or minor nominee.
- 10.6. Any amount payable by the FUND in respect of an insured death benefit in terms of Rule 10.1.1 shall be limited to the amount of the insured benefit actually received by the FUND from the insurer or insurers.

- 10.7. Notwithstanding the provisions of rules 10.3 to 10.5, on the death of a DEFERRED PENSIONER or a PAID-UP MEMBER, unless required otherwise by legislation, the person's FUND CREDIT shall be paid to a valid nominee, or if there is no valid nominee to the estate of the DEFERRED PENSIONER or a PAID-UP MEMBER, as appropriate.

11. BENEFITS PAYABLE ON THE DISABLEMENT OF A MEMBER

- 11.1. The FUND must at the discretion of the BOARD –

- 11.1.1. conclude an agreement or agreements with one or more insurers registered in terms of the Long Term Insurance Act in terms of which the FUND will pay premiums in terms of rule 7.2.1.1(b) and rule 7.2.1.2 and the insurer or insurers will pay amounts to the FUND on the DISABLEMENT of its MEMBERS; and/or

- 11.1.2. self-insure part or all of the DISABLEMENT benefits payable from the Risk Reserve Account in the FUND, where the amount of such benefits will be determined by the BOARD from time to time, on the advice of the ACTUARY.

- 11.2. A MEMBER shall only be approved as DISABLED, if –

- 11.2.1. the insurer contracted in terms of the agreement in rule 11.1.1 or the insurer, or other medical practitioner chosen by the FUND, contracted by the FUND to assess disability claims if the benefits are self-insured in terms of rule 11.1.2, as appropriate, determine that the MEMBER is DISABLED; and

- 11.2.2. the MEMBER is DISABLED for more than three months; and

- 11.2.3. at the end of the three months, the MEMBER has not by then reached his or her NORMAL RETIREMENT AGE; and

- 11.2.4. the MEMBER is not a DEFERRED RETIREE or a PAID-UP MEMBER.

- 11.3. The insured benefit in terms of rule 11.1.1, subject to the terms and conditions set out in the agreement or agreements, and/or the self-insured benefit in terms of rule 11.1.2, subject to the terms and conditions determined by the BOARD, on the advice of the ACTUARY, as appropriate, shall be a lump sum benefit expressed

as a multiple of the MEMBER'S PENSIONABLE EARNINGS reflected in the policy or policies of insurance or the self-insurance policy of the FUND, as applicable. Any change in the multiples must be communicated to MEMBERS before the change comes into effect. The amount payable in respect of a MEMBER on his or her DISABLEMENT may be reduced to take account of any medical conditions which the MEMBERS had when they joined the FUND, any medical testing in terms of rule 6.9, any dangerous pastimes in which they were engaged and any other limitation imposed by the insurer or determined by the BOARD on the advice of the ACTUARY. ⁴¹

11.4. The MEMBER referred to in rule 11.2 will become entitled at the end of the three month period following the date of his or her disability to:

11.4.1. the annuity which may be purchased in his or her name by the FUND, from an insurer registered in terms of the Long Term Insurance Act chosen by him or her, or, if he or she does not choose an insurer, chosen by the FUND, with his or her FUND CREDIT and the lump sum benefit referred to in rule 11.3, less any amount (inclusive of any tax payable on this lump sum amount) which is paid as a lump sum to the MEMBER at his or her request, provided that: ^{42 43}

- a) the lump sum amount shall be subject to a maximum of his or her SAVINGS COMPONENT plus his or her VESTED LUMP SUM COMPONENT plus one-third of his or her VESTED ANNUITY COMPONENT plus one-third of the benefit received by the FUND on the disablement of the MEMBER in terms of rule 11.3; and
- b) if the total of his or her RETIREMENT COMPONENT plus two-thirds of his or her VESTED ANNUITY COMPONENT plus two-thirds of the benefit received by the FUND on the disablement of the MEMBER in terms of rule 11.3 is less than R165 000 or such other amount prescribed by legislation or any practice note or circular issued by SARS, then the total retirement benefit may, at the election of the MEMBER, be paid as a lump sum benefit; and

⁴¹ Amended via Rule Amendment 4 effective 1 October 2023

⁴² Replaced via Rule Amendment 3 effective 1 July 2022

⁴³ Replaced via Rule Amendment 7 effective 1 September 2024

- c) if the MEMBER has ceased to be a tax resident for an uninterrupted period of 3 years or departs from South Africa at the expiry of a work or visit visa and subject to any conditions determined by SARS, the MEMBER may be paid his or her full benefit entirely in cash; or

11.4.2. transfer his or her full FUND CREDIT and the lump sum benefit referred to in rule 11.3 to an APPROVED FUND selected by the MEMBER, as permitted by legislation.

11.5. Once the benefit in terms of rule 11.4 has been transferred on behalf of the MEMBER or the annuity has been issued to the MEMBER, as appropriate, he or she will cease to be a MEMBER and the FUND will have no further liability towards him or her.

11.6. Any amount payable by the FUND in respect of the insured lump sum disability benefit in terms of rule 11.1.1 shall be limited to the amount of the insured benefit actually received by the FUND from the insurer or insurers.

12. SPECIAL BENEFIT IMPROVEMENTS ⁴⁴

At the request of an EMPLOYER, and provided that the EMPLOYER pays to the FUND the additional amount required to pay for it the BOARD may authorise the allocation of the amount specified and paid by the EMPLOYER to the Fund Account of a MEMBER subject to such approval by SARS as may be required, provided that any such amount paid to the FUND on behalf of a MEMBER shall be allocated one-third to his or her SAVINGS COMPONENT and two-thirds to his or her RETIREMENT COMPONENT.

13. PAYMENT AND PROTECTION OF BENEFITS

13.1. Money payable to any person in terms of these RULES will be paid by means of a bank transfer unless the FUND and the person agree that payment will take place by other means.

13.2. If the BOARD believes that it is appropriate, it may subject to such conditions as the BOARD deems appropriate pay a benefit, other than a SAVINGS COMPONENT withdrawal – ⁴⁵

⁴⁴ Replaced via Rule Amendment 7 effective 1 September 2024

⁴⁵ Replaced via Rule Amendment 7 effective 1 September 2024

- 13.2.1. to a trustee of a trust established for the benefit of the person to whom the benefit is payable; or
 - 13.2.2. to the guardian of the person to whom the benefit is payable if that person is under 18, or to his or her curator, if that person is mentally incapable of managing his or her own financial affairs; or
 - 13.2.3. to a third party if the MEMBER or beneficiary provides sufficient proof that he or she is not able to open a bank account.
- 13.3. Unless specifically permitted in terms of the Pension Funds Act, the Divorce Act, the Maintenance Act or the Income Tax Act, no benefit payable in terms of the rules may be reduced, transferred, ceded, pledged or hypothecated or be attached or sold in satisfaction of a debt. If a beneficiary attempts to transfer, cede, pledge or hypothecate a benefit, the FUND will suspend the payment of the benefit and may pay it directly to a dependant of the beneficiary or to a guardian or trustee for the benefit of the beneficiary.
- 13.4. Subject to the provisions of the Pension Funds Act, if the estate of a beneficiary is sequestrated or surrendered, the benefit will be deemed not to form part of the assets in the estate and may not be attached or sold by the curator of the estate or the beneficiary's creditors.
- 14. DEDUCTION FROM BENEFITS OR TRANSFER VALUES OF AMOUNTS DUE TO FUND OR EMPLOYER OR FORMER SPOUSE**

14.1. Amounts due in respect of housing loans or housing guarantees

If the FUND has issued a guarantee to an EMPLOYER or to another person who has granted a loan to a MEMBER for HOUSING PURPOSES, or if the FUND has issued such a loan itself, it may deduct from the benefit payable to the MEMBER or any person entitled to a benefit on the death of the MEMBER the amount of the loan or the amount for which it is liable in respect of the guarantee. The amount may also be deducted from any amount to be transferred to another fund for the benefit of the MEMBER. Subject to the provisions of the Pension Funds Act the amount may be deducted and paid to the person or body which granted the loan before the MEMBER'S membership terminates.

14.2. Amounts due to Member's Employer for losses caused by the MEMBER

- 14.2.1. The BOARD shall have the right to make such deductions from the benefit to which a MEMBER or the beneficiary of a MEMBER is entitled in terms of the RULES or which is to be transferred to an APPROVED FUND for his or her benefit, as permitted in terms of Section 37D of the ACT.
- 14.2.2. Such claims may include compensation (including legal costs recoverable from the MEMBER) in respect of any loss suffered by the EMPLOYER as a result of any theft, misconduct, fraud or dishonesty on the MEMBER'S part for which the MEMBER has admitted liability in writing or in respect of which judgement has been obtained against the MEMBER in court.
- 14.2.3. The BOARD may, where legal proceedings have been instituted against the MEMBER concerned for compensation in respect of damage caused to the EMPLOYER as contemplated in section 37D of the Act, withhold payment of the cash withdrawal benefit until such time as the matter has been finally determined by a competent court of law or has been settled or formally withdrawn, provided that: ⁴⁶
- 14.2.3.1. the BOARD is satisfied that the EMPLOYER has made out a prima facie case against the MEMBER concerned and there is reason to believe that the EMPLOYER has a reasonable chance of success in the proceedings that have been instituted; and
- 14.2.3.2. the BOARD is satisfied that the EMPLOYER is not at any stage of the proceedings responsible for any undue delay in the prosecution of the proceedings; and
- 14.2.3.3. once the proceedings have been determined, settled or withdrawn, any benefit to which the MEMBER is entitled, is paid forthwith, or, if any amount is lawfully deducted from the benefit in terms of section 37D, the balance thereof is paid forthwith; and

⁴⁶ Replaced via Rule Amendment 7 effective 1 September 2024

14.2.3.4. the amount withheld shall not exceed the amount that may be deducted in terms of section 37D(1)(b)(ii) of the Pension Funds Act; and ⁴⁷

14.2.3.5. the BOARD, at the express written request of a MEMBER whose benefit is withheld, may, if applicable and practical, permit the value of the MEMBER'S benefit as soon as administratively practical after such request to be isolated, in whatever manner the BOARD believes appropriate, from the possibility of a decrease therein as a result of poor investment performance.

14.3. Amounts due to a Member's former spouse ⁴⁸

The FUND will comply with any order properly issued by a court in terms of the Divorce Act or other applicable legislation by deducting the portion of the MEMBER'S PENSION INTEREST due to the former spouse of a MEMBER in terms of the order from the MEMBER'S benefit.

14.4. Amounts due in respect of DEFERRED RETIREES

Subject to any applicable legislation, any amount due by a DEFERRED RETIREE or a PAID-UP MEMBER in terms of rule 14.1 to rule 14.3 shall be deducted from the DEFERRED RETIREE'S or PAID-UP MEMBER'S FUND CREDIT, as applicable, at the earlier of the date of exit from employment or the date the FUND becomes aware of the amount due and not at the subsequent date of exit from the FUND.

14.5. Deductions where a Member has a Vested Transfer Benefit or has made a member investment choice election ⁴⁹

14.5.1. Any amount deducted, including any tax thereon, from a MEMBER'S FUND CREDIT in the FUND in terms of rule 14.1 to rule 14.4 shall: ⁵⁰

14.5.1.1. be deducted pro rata from the MEMBER'S COMPONENTS;

⁴⁷ Amended via Rule Amendment 6 effective 1 July 2024

⁴⁸ Replaced via Rule Amendment 7 effective 1 September 2024

⁴⁹ Inserted via Rule Amendment 3 effective 1 July 2022

⁵⁰ Replaced via Rule Amendment 7 effective 1 September 2024

14.5.1.2. where a MEMBER has made a member investment choice election with regard to the investment of his or her FUND CREDIT in the FUND, be deducted pro rata from each of the portfolios in which each of the MEMBER'S COMPONENTS is invested in.

15. UNCLAIMED BENEFITS

- 15.1. Unclaimed benefits will be held in the books of the FUND for a period of two years, or such shorter period as may be prescribed in the Pension Funds Act, after which they may be paid or transferred at the discretion of the BOARD to the Guardian's Fund or any fund established or allowed in terms of the Pension Funds Act for the purpose of holding unclaimed benefits. After any such payment or transfer there will be no claim against the FUND in respect of that amount.
- 15.2. The FUND will for 10 years keep records of all amounts due to MEMBERS and other beneficiaries which have not been paid.
- 15.3. Any administration, tracing or other FUND expenses relating to an unclaimed benefit may, at the discretion of the BOARD, be deducted from the unclaimed benefit amount from time to time."

PART D: GOVERNANCE AND MANAGEMENT OF THE FUND

16. FUND TO BE MANAGED IN TERMS OF ITS RULES

The FUND must be managed in terms of its rules. The rules are binding on the FUND, its MEMBERS and their DEPENDANTS and on the PRINCIPAL OFFICER and the members of the BOARD.

17. POWERS OF THE FUND

The FUND is an artificial person which will continue to exist even when the MEMBERS and the members of its BOARD change. It has all of the legal capabilities and powers that a person with full legal capacity has to the extent that an artificial person can have them. These powers include the powers to -

17.1. sue and be sued in its own name;

17.2. conclude agreements;

17.3. acquire, own, hypothecate, hire, let and dispose of property, whether movable or immovable, and whether the property is physical property or intellectual property;

17.4. do all things that it needs to be able to do to achieve its objects and to carry out its functions and duties.

18. POWERS AND DUTIES OF THE BOARD OF MANAGEMENT

18.1. The BOARD is responsible for directing, controlling and overseeing the operation of the FUND in accordance with all laws which are applicable to the fund and in accordance with these RULES.

18.2. When it directs, controls and oversees the operation of the FUND, the BOARD and each of its members must -

18.2.1. act with due care and diligence and in the best interests of the FUND;

18.2.2. take all reasonable steps to protect the interests of the MEMBERS ;

18.2.3. act in good faith towards the EMPLOYERS;

18.2.4. avoid conflicts of interest; and

18.2.5. act with impartiality in respect of all MEMBERS and beneficiaries.

18.3. The BOARD exercises the FUND'S powers referred to in rule 17. In addition the BOARD has the power at its sole discretion to make arrangements for the administration of the FUND as long as they are not inconsistent with the Pension Funds Act and the RULES.

18.4. The BOARD must -

18.4.1. ensure that proper registers and records of the operations of the FUND are kept. These records include proper minutes of all meetings and of all resolutions passed by the BOARD;

18.4.2. ensure that true and full accounts of the FUND are kept in accordance with generally accepted accounting practice and any guidelines issued by the auditor referred to in rule 28 from time to time. Those accounts must be made up to the FINANCIAL YEAR END and must fairly present the FUND'S financial state of affairs and position and must be audited by the auditor.

18.4.3. ensure that proper controls are used to protect the assets of the fund, taking into account the advice of the auditor referred to in rule 28;

18.4.4. ensure that adequate and appropriate information is given to the MEMBERS informing them of their rights, benefits and obligations in terms of the RULES of the FUND;

18.4.5. take all reasonable steps to make sure that CONTRIBUTIONS are paid to the FUND on time and that the CONTRIBUTIONS are deposited in the FUND'S bank account on the first business day after they are received;

18.4.6. obtain expert advice on matters on which the BOARD is not expert;

18.4.7. ensure that the FUND operates and is administered in terms of the rules of the FUND, the Pension Funds Act and other applicable laws and that the RULES are in compliance with these laws;

18.4.8. ensure that every title deed and other document which proves that the FUND is the owner of a particular property is kept in a safe or strongroom at an office of the FUND or in a bank; and

- 18.4.9. make sure that only people who have the authority in terms of a resolution passed by the BOARD to sign on behalf of the FUND sign cheques, contracts or other documents on its behalf.

19. DELEGATION OF POWERS AND DUTIES BY THE BOARD TO ANOTHER PERSON OR BODY

- 19.1. The BOARD may delegate any of its powers and duties to another person or body including, but not limited to, a committee of the BOARD, the FUND'S administrator referred to in rule 29 and an employee of the FUND. The BOARD may also delegate to the person or body the power to sub-delegate a power or a duty unless it is clear from the rule governing the power or function that it must not be delegated.
- 19.2. Any decision of a committee of the BOARD or an employee of the FUND shall be recorded in the minutes of the next meeting of the BOARD and shall be regarded as a decision of the FUND. The BOARD shall retain full responsibility for any decision by a committee of the BOARD or an employee of the FUND to whom the BOARD'S decision making powers have been delegated in terms of this rule.

20. COMPOSITION OF BOARD OF MANAGEMENT

- 20.1. The BOARD will have ten members.
- 20.2. The MEMBERS will have the right to elect five MEMBERS, other than DEFERRED RETIREES and PAID-UP MEMBERS, as members of the BOARD and the COUNCIL will have the right to appoint the other five members of the BOARD.
- 20.3. At the start of each FINANCIAL YEAR, the members of the BOARD must choose a chairperson of the BOARD from amongst themselves.

21. ELECTION OF FIVE MEMBERS OF THE BOARD OF MANAGEMENT

- 21.1. Before the expiry of its term of office, the BOARD must invite the MEMBERS to nominate MEMBERS, other than DEFERRED RETIREES and PAID-UP MEMBERS, for election. Only MEMBERS who are not disqualified from being members of the BOARD may be nominated.

- 21.2. If five or less than five MEMBERS are nominated, they will be regarded as having been elected unopposed.
- 21.3. If more than five MEMBERS are nominated, the BOARD must conduct the election according to the following procedures:
 - 21.3.1. The BOARD shall appoint an election officer to oversee the election.
 - 21.3.2. There will be no voting constituencies.
 - 21.3.3. Each MEMBER shall be entitled to vote for up to five different candidates.
 - 21.3.4. The five candidates receiving the highest number of valid votes shall be accepted as the members of the BOARD.
 - 21.3.5. The candidates receiving the next highest number of valid votes, will automatically (in order from the candidate receiving the highest number to the candidate receiving the lowest number of valid votes) replace an elected BOARD member should that BOARD member cease to hold office for any reason before the end of his or her term of office. The replacement BOARD member shall hold office only until the end of the five year term of office that applied to the elected BOARD member who was replaced.
 - 21.3.6. No alternate members of the BOARD elected by the MEMBERS will be appointed.

22. PERSONS DISQUALIFIED FROM BEING BOARD MEMBERS

The following people are automatically disqualified from being appointed or elected as members of the BOARD:

- 22.1. a person under 21;
- 22.2. a person who has become physically or mentally incapable of performing the functions of a member of the BOARD;
- 22.3. a person whose estate has been sequestered and who has not been rehabilitated by a court;

- 22.4. a person who has been convicted by a court of theft, fraud, forgery or any other offence involving dishonesty;
- 22.5. a person whom the BOARD, after hearing representations on the matter, has decided is not a fit and proper person to occupy a position of trust.

23. TERM OF OFFICE OF THE BOARD

- 23.1. A member of the BOARD appointed by the COUNCIL will remain a member of the BOARD for five years unless -
 - 23.1.1. he or she resigns by giving the chairperson of the BOARD a resignation letter, or, if it is the chairperson who is resigning, by giving the principal officer a resignation letter;
 - 23.1.2. he or she has failed to attend two consecutive meetings of the BOARD without the prior approval of the BOARD'S chairperson or without good cause;
 - 23.1.3. his or her appointment is withdrawn by the COUNCIL; or
 - 23.1.4. he or she becomes disqualified in terms of rule 22.
- 23.2. A member of the BOARD elected by MEMBERS, including such a member who subsequently retires from employment and elects to become a DEFERRED RETIREE in terms of rule 8.4 or who subsequently exits employment and becomes a PAID-UP MEMBER in terms of rule 9.1.3, will remain a member of the BOARD for five years unless –⁵¹
 - 23.2.1. he or she resigns by giving the chairperson of the BOARD a resignation letter, or, if it is the chairperson who is resigning, by giving the principal officer a resignation letter;
 - 23.2.2. he or she has failed to attend two consecutive meetings of the BOARD without the prior approval of the BOARD'S chairperson or without good cause;
 - 23.2.3. he or she ceases to be a MEMBER; or

⁵¹ Amended via Rule Amendment 1 effective 1 March 2021

- 23.2.4. he or she becomes disqualified in terms of rule 22.
- 23.3. If a member of the BOARD elected by the MEMBERS ceases to be a BOARD member before his or her term of office has expired, the person, if any, with the next highest number of votes during the last election will act as a member of the BOARD in his or her place until the expiry of the term of office that applied to the BOARD member who was replaced. Should no such person be available, an election must be held in terms of rule 21 to fill the vacancy and the successful candidate shall hold office for the balance of the term of office of the BOARD member he or she has replaced. For the purposes of such an election, “five” in rule 21 shall be replaced by the number of vacancies to be filled.
- 23.4. If a member of the BOARD appointed by the COUNCIL for any reason during the course of his or her term of office ceases to be a member of the BOARD, the vacancy will be filled by another person appointed by the COUNCIL.
- 23.5. A member of the BOARD appointed by the COUNCIL or a member of the BOARD elected by the MEMBERS who completes his or her term of office, may be reappointed by the COUNCIL or re-elected by the MEMBERS, as the case may be, to another term of office.
- 23.6. A vacancy on the BOARD when a decision is taken by it will not make that decision invalid.
- 23.7. Notwithstanding the provisions of rule 23.1, rule 23.2 and rule 21.3.5, the term of office of the MEMBER-elected and COUNCIL-appointed members of the BOARD due to expire on 30 September 2024 shall be extended to 31 March 2025 and their term of office will be 5½ years.⁵²

24. REMUNERATION OF BOARD MEMBERS

- 24.1. Members of the BOARD will receive from the FUND the refund of all expenses reasonably incurred by them on behalf of the FUND in accordance with policies and limitations set by the BOARD from time to time.
- 24.2. Payments to members of the BOARD in terms of this rule will be regarded as expenses of the FUND.

⁵² Inserted via Rule Amendment 5 effective 1 April 2024

25. MEETINGS OF AND DECISION-MAKING BY THE BOARD

- 25.1. The BOARD will meet as often as it believes is appropriate. It must meet at least two times per year. For a meeting to be properly constituted when it is first scheduled to take place at least 6 of its members must be present of whom at least 3 must be BOARD members elected by the MEMBERS and at least 3 must be BOARD members appointed by the COUNCIL. If a quorum is not present the meeting may be rescheduled for a date at least 7 days later.
- 25.2. The chairperson of the BOARD may convene a special meeting of the BOARD if he or she thinks it necessary. The chairperson must convene a special meeting of the BOARD within 21 days after being asked by at least three members of the BOARD to do so.
- 25.3. The principal officer of the FUND must give the members of the BOARD at least 15 days written notice of each BOARD meeting. The notice must specify the time, date and place of the meeting and the general nature of the issues to be discussed at the meeting. Unless a majority of the members of the BOARD agree that other matters may be discussed at the meeting, only those issues indicated in the notice may be discussed.
- 25.4. Each meeting of the BOARD must be chaired by the chairperson or, if he or she is unable to do so, by another member of the BOARD selected for that purpose by the remaining members of the BOARD. The person chairing the meeting is responsible for ensuring that it is conducted in an orderly fashion. He or she may exclude from the meeting any member of the BOARD or other person who deliberately ignores instructions from the chairperson regarding the way that the meeting is to be proceed or who makes it difficult for the BOARD to function in an orderly fashion.
- 25.5. The chairperson of the BOARD must ensure that someone takes minutes of each meeting. Those minutes must be distributed in draft form to members of the BOARD by no later than two weeks before the next ordinary meeting of the BOARD.

- 25.6. For any decision of the BOARD to be valid -
- 25.6.1. if it was taken in a meeting, rule 25.1 must have been complied with and a seventy five per cent of the members of the BOARD present must have voted in favour of the decision; and
 - 25.6.2. if the decision was not taken in a meeting but was taken by “round robin resolution” instead, at least 8 members must have exercised their votes, each by indicating that he or she votes in favour or against or abstains from voting for or against the resolution and seventy-five per cent of them must have voted in favour of the decision;
 - 25.6.3. if the members of the BOARD reach deadlock on any issue -
 - 25.6.3.1. the issue must have been reconsidered by the BOARD at a meeting within 10 working days of the date on which deadlock was reached and a seventy-five per cent of members present at the meeting must have voted in favour of the decision; or
 - 25.6.3.2. the issue must have been referred by the BOARD to an expert chosen by the BOARD, or, if its members could not agree on the expert, chosen by the head of the professional organisation of persons with the expertise required to decide the issue (for example, a lawyer, in the case of a legal issue, an actuary in the case of an actuarial issue, a chartered accountant in the case of an accounting issue) and the expert must have decided the matter on behalf of the BOARD.
- 25.7. A BOARD member who has any direct or indirect personal financial interest (other than his or her interest as a MEMBER of the FUND) in a decision to be taken by the BOARD must disclose that interest before the decision is taken and must not vote on the matter.
- 25.8. A decision taken by “round robin resolution” must be noted at the next ordinary meeting of the BOARD and included in the FUND’S minute book.
- 25.9. The BOARD may decide on a general policy to govern any aspect of the business of the FUND and may record that policy in a "practice note". The BOARD must review its policies from time to time and may change its practice notes when appropriate.

26. PRINCIPAL OFFICER

- 26.1. The BOARD must appoint a principal officer and may withdraw that appointment and appoint a new principal officer at any time.
- 26.2. The principal officer must fulfil all the duties required of him or her in terms of the Pension Funds Act, 1956, these RULES and the directions of the BOARD.
- 26.3. In particular, the principal officer must -
 - 26.3.1. sign all amendments to the RULES and submit them to the AUTHORITY for his or her approval and registration;
 - 26.3.2. within six months after each FINANCIAL YEAR END, send to all MEMBERS a written summary of all amendments made to the RULES which were registered within that FINANCIAL YEAR;
 - 26.3.3. submit the FUND'S annual financial statements and other documents referred to in the Pension Funds Act to the AUTHORITY as required by the Act; and
 - 26.3.4. perform all other functions which statutes require him or her to perform.
- 26.4. If the principal officer is out of the country or is for any other reason unable to perform his or her duties for more than 30 days then the BOARD must appoint someone to act as principal officer in his or her place. If this happens, the BOARD must inform the AUTHORITY of the temporary appointment within 30 days.

27. ACTUARY AND ACTUARIAL VALUATIONS

- 27.1. The BOARD must appoint an ACTUARY who must be a fellow of an institute, faculty, society or chapter of actuaries approved by the Minister of Finance. The BOARD may withdraw that appointment and appoint a new ACTUARY in terms of the RULES.
- 27.2. The ACTUARY must perform the functions and fulfil the duties expected of a valuator in terms of the Pension Funds Act unless these functions and duties are not applicable to this fund. The BOARD must let the ACTUARY have all the information that he or she requires in order to fulfil his or her functions and duties. The ACTUARY must be allowed to see and make copies of all the written documents that the FUND has and that are needed for this purpose.

27.3. Unless the AUTHORITY has certified that the FUND is not required to do this, the FUND must have its financial position investigated, valued and reported on by the ACTUARY as often as is required in terms of the Pension Funds Act. The ACTUARY must submit his or her report to the BOARD and the BOARD must submit a copy of it to the AUTHORITY and to each EMPLOYER.

28. AUDITOR

28.1. The BOARD must appoint an auditor who

28.1.1. is registered as an auditor in terms of the Public Accountants and Auditors Act;

28.1.2. is engaged in public practice; and

28.1.3. is approved of by the AUTHORITY.

28.2. The BOARD may withdraw the appointment of the auditor at any time and appoint a new auditor.

28.3. The auditor has -

28.3.1. the right to at all reasonable times see and make copies of the accounting records and all books, vouchers, documents and other property of the FUND;

28.3.2. the right to get from the BOARD all such information and explanations that he or she thinks are necessary;

28.3.3. the right to investigate whether there are adequate measures and procedures to ensure that the FUND operates in a sound, cost-effective and cost-efficient way for the benefit of MEMBERS and their DEPENDANTS; and

28.3.4. the right to investigate any aspect of the management of the FUND which has a bearing on the control and use and expenditure of its assets.

28.4. Within six months after each FINANCIAL YEAR END, the auditor must prepare and submit to the BOARD statements of the FUND'S financial affairs in accordance with the provisions of the Pension Funds Act. The report must state whether, in the opinion of the auditor -

- 28.4.1. the statements in all material respects fairly present the financial position of the FUND in accordance with generally accepted accounting practice;
- 28.4.2. the transactions during the FINANCIAL YEAR in question of which the auditor is aware took place in accordance with
 - 28.4.2.1. the RULES;
 - 28.4.2.2. all applicable laws; and
 - 28.4.2.3. guidelines previously recommended by the FUND'S auditor for the proper management of the FUND'S assets.

29. FUND ADMINISTRATOR

The BOARD must appoint one or more organisations to administer the FUND and its investments. The BOARD may only appoint an organisation that has been approved by the AUTHORITY as an administrator. The BOARD may withdraw the appointment of the administrator and appoint a new administrator.

30. FUND DOCUMENTS

The BOARD shall authorise the Chairman of the BOARD, the principal officer, and one or more other members of the BOARD, to jointly sign any agreement which is binding on the FUND, or which authorises action on behalf of the FUND; provided further that any documents to be deposited with the AUTHORITY shall be signed as prescribed in the Pension Funds Act.

31. AMENDMENT OF THE RULES

- 31.1. The BOARD may amend the RULES only if -
 - 31.1.1. it has first obtained the opinion of the ACTUARY on the RULE amendment;
 - 31.1.2. the amendment will not result in the reduction of the amount of any MEMBER'S FUND CREDIT unless -
 - 31.1.2.1. it has been recommended by the ACTUARY; and
 - 31.1.2.2. the MEMBERS have been given notice of it;

and

31.1.3. the COUNCIL has consented to the RULE amendment, if the rule amendment could affect the liabilities of the EMPLOYERS.

31.2. Sub-rule 31.1.3 cannot be amended unless all the EMPLOYERS consent to it.

31.3. The BOARD must notify SARS of each RULE amendment within two months after it has been registered by the AUTHORITY.

32. DISPUTES

32.1. If a MEMBER or other person has a dispute with the FUND, he or she must either put his or her complaint in writing and deliver it to the principal officer of the fund or, if he or she cannot put it in writing, explain it to the principal officer. The principal officer must then write down the details of the complaint given to him or her and give them to the chairperson of the FUND.

32.2. The chairperson must either try to resolve the dispute or must refer it to a member of the BOARD, or a consultant or the ACTUARY or the FUND'S auditor or administrator with the instruction that he, she or it try to resolve the dispute.

32.3. If the dispute is not resolved within 30 days after it was received, the principal officer must respond to the complaint in writing. If the complainant is not satisfied with the response, he or she may refer the matter to the pension funds adjudicator in terms of the Pension Funds Act.

33. CLAIMS AGAINST THE FUND

33.1. No person has any claim against the FUND or the BOARD other than a claim that the RULES have not been complied with.

33.2. No person has a claim against the FUND in respect of any investments made by it in good faith.

PART E : FINANCIAL STRUCTURE OF FUND AND FUND INVESTMENTS

34. STRUCTURE OF THE FUND'S ACCOUNTS

34.1. All CONTRIBUTIONS received by the FUND must be paid into its bank account and thereafter allocated to one of the following accounts in the books of the FUND.

34.2. Member Account

34.2.1. Within the Member Account, there will be a Fund Account for each MEMBER. Each member's FUND CREDIT in his or her Fund Account will be the aggregate of his or her RETIREMENT COMPONENT in terms of rule 34.6, his or her SAVINGS COMPONENT in terms of rule 34.7, his or her VESTED ANNUITY COMPONENT in terms of rule 34.8 and his or her VESTED LUMP SUM COMPONENT in terms of rule 34.9.⁵³

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34.3. Risk Reserve Account

34.3.1. A Risk Reserve Account must be maintained to manage the contributions, insurance premiums, benefit receipts and benefit payments in respect of the insured portion or any self-insured portion of the death and DISABLEMENT benefits of the FUND.

34.3.2. The following amounts must be credited to the Risk Reserve Account:

34.3.2.1. EMPLOYER contributions paid to the FUND in terms of rule 7.2.8.1 in respect of death and DISABLEMENT benefits;⁵⁶ ⁵⁷

34.3.2.2. payments received from insurers in terms of the policies referred to in rules 10 and 11;

34.3.2.3. a share of the investment earnings of the Fund; and

34.3.2.4. any transfers from the General Reserve Account.

⁵³ Old Rule 34.2.2.1 amended via Rule Amendment 6 effective 1 July 2024

⁵⁴ Previous Rule 34.2.3.1 deleted via Rule Amendment 6 effective 1 July 2024 and balance of Rule 34.2.3 renumbered accordingly

⁵⁵ Replaced via Rule Amendment 7 effective 1 September 2024

⁵⁶ Amended via Rule Amendment 6 effective 1 July 2024

⁵⁷ Replaced via Rule Amendment 7 effective 1 September 2024

- 34.3.3. The following amounts must be debited to the Risk Reserve Account:
- 34.3.3.1. premiums paid by the FUND to one or more insurers in terms of rules 7.2.1.1(b) and 7.2.1.2;
 - 34.3.3.2. payments made on the death or DISABLEMENT of MEMBERS;
 - 34.3.3.3. a share of the investment losses of the Fund;
 - 34.3.3.4. any expenses incurred by the FUND in the management and administration of the death and disability benefits; and
 - 34.3.3.5. any transfers to the General Reserve Account.

34.4. General Reserve Account

- 34.4.1. All amounts which must be paid to the FUND as CONTRIBUTIONS in terms of these RULES other than CONTRIBUTIONS payable to the Member Account and the Risk Reserve Account must be allocated to the General Reserve Account.
- 34.4.2. The following amounts must be credited to the General Reserve Account:
- 34.4.2.1. EMPLOYER contributions paid to the FUND in terms of rule 7.2.8.2 in respect of the administration and other expenses of the FUND;^{58 59}
 - 34.4.2.2. payments made to the FUND in terms of an order or award granted by a court, an arbitrator or an adjudicator or a settlement reached by the FUND, provided such award, order or settlement is within the jurisdiction of legislation applicable to the FUND;
 - 34.4.2.3. transfers from the RETIREMENT COMPONENT in terms of rule 34.6.3.1, the SAVINGS COMPONENT in terms of rule 34.7.3.3, the VESTED ANNUITY COMPONENT in terms

⁵⁸ Amended via Rule Amendment 6 effective 1 July 2024

⁵⁹ Replaced via Rule Amendment 7 effective 1 September 2024

of rule 34.8.3.3 and the VESTED LUMP SUM COMPONENT in terms of rule 34.9.3.3;⁶⁰

34.4.2.4. any transfers from the Member Account or the Risk Reserve Account in terms of rule 34.5;

34.4.2.5. any profits made by the Fund as a result of any data queries or data errors;

34.4.2.6. any profits made by the Fund due to processing errors, for example profits due to timing differences in the investment or disinvestment of cash flows or asset switches;

34.4.2.7. a share of the investment earnings of the Fund; and

34.4.2.8. any other income to the Fund not covered elsewhere in these Rules.

34.4.3. The following amounts must be debited to the General Reserve Account:

34.4.3.1. the FUND'S costs;

34.4.3.2. amounts paid by the FUND in terms of an order or award granted by a court, an arbitrator or an adjudicator or a settlement reached by the FUND, provided such award, order or settlement is within the jurisdiction of legislation applicable to the FUND;

34.4.3.3. any transfers to the Member Account or the Risk Reserve Account, provided that any transfer to the Member Account shall be allocated one-third to each MEMBER'S SAVINGS COMPONENT and two-thirds to each MEMBER'S RETIREMENT COMPONENT;⁶¹

34.4.3.4. any losses made by the FUND as a result of any data queries or data errors;

⁶⁰ Inserted via Rule Amendment 7 effective 1 September 2024 and balance of rule renumbered accordingly

⁶¹ Replaced via Rule Amendment 7 effective 1 September 2024

34.4.3.5. any losses made by the Fund due to processing errors, for example losses due to timing differences in the investment or disinvestment of cash flows or asset switches; and

34.4.3.6. a share of the investment losses of the Fund; and

34.4.3.7. any other payments made by the FUND not covered elsewhere in these Rules.

34.5. If the Risk Reserve Account or the General Reserve Account become underfunded the BOARD must determine a strategy for ensuring that they become fully funded. This strategy may include changing the RULES.

34.6. Retirement Component ⁶²

34.6.1. Each MEMBER shall have a RETIREMENT COMPONENT, which may have a nil value.

34.6.2. The following amounts must be credited to a MEMBER'S RETIREMENT COMPONENT:

34.6.2.1. CONTRIBUTIONS made by the MEMBER in terms of rule 7.1.6.2(b);

34.6.2.2. CONTRIBUTIONS made by the EMPLOYER in terms of rule 7.2.8.3(b)(ii);

34.6.2.3. transfers of a retirement component from another APPROVED FUND, other than a retirement annuity fund, in terms of rule 7.1.4 or rule 38.3;

34.6.2.4. transfers from the MEMBER'S SAVINGS COMPONENT, VESTED ANNUITY COMPONENT or VESTED LUMP SUM COMPONENT in terms of rule 34.11.1;

34.6.2.5. any other amount allocated to the RETIREMENT COMPONENT in terms of the RULES; and

⁶² Inserted via Rule Amendment 7 effective 1 September 2024

34.6.2.6. a share of the investment earnings of the FUND based on the investment portfolio or portfolios his or her RETIREMENT COMPONENT is invested in.

34.6.3. The following amounts must be debited to a MEMBER'S RETIREMENT COMPONENT:

34.6.3.1. transfers to the General Reserve Account in terms of rule 8.4.6 in respect of DEFERRED RETIREES or in terms of rule 9.2.4 in respect of PAID-UP MEMBERS or any other expenses deducted from the RETIREMENT COMPONENT as determined by the BOARD;

34.6.3.2. benefit payments, payments in terms of section 37D of the Pension Funds Act and transfers in terms of these RULES; and

34.6.3.3. a share of the investment losses of the FUND based on the investment portfolio or portfolios his or her RETIREMENT COMPONENT is invested in.

34.7. **Savings Component**⁶³

34.7.1. Each MEMBER shall have a SAVINGS COMPONENT, which may have a nil value.

34.7.2. The following amounts must be credited to a MEMBER'S SAVINGS COMPONENT:

34.7.2.1. for a MEMBER in the FUND on 1 September 2024, the amount in rule 34.10.1.1 transferred from the MEMBER'S VESTED ANNUITY COMPONENT and the amount in rule 34.10.1.2 transferred from the MEMBER'S VESTED LUMP SUM COMPONENT;

34.7.2.2. CONTRIBUTIONS made by the MEMBER in terms of rule 7.1.6.2(a);

⁶³ Inserted via Rule Amendment 7 effective 1 September 2024

- 34.7.2.3. CONTRIBUTIONS made by the EMPLOYER in terms of rule 7.2.8.3(b)(i);
 - 34.7.2.4. transfers of a savings component from another APPROVED FUND, other than a retirement annuity fund, in terms of rule 7.1.4 or rule 38.3;
 - 34.7.2.5. any other amount allocated to the SAVINGS COMPONENT in terms of the RULES; and
 - 34.7.2.6. a share of the investment earnings of the FUND based on the investment portfolio or portfolios his or her SAVINGS COMPONENT is invested in.
- 34.7.3. The following amounts must be debited to a MEMBER'S SAVINGS COMPONENT:
- 34.7.3.1. SAVINGS COMPONENT withdrawals in terms of rule 34.12.1;
 - 34.7.3.2. transfers to the MEMBER'S RETIREMENT COMPONENT in terms of rule 34.11.1.1;
 - 34.7.3.3. transfers to the General Reserve Account in terms of rule 8.4.6 in respect of DEFERRED RETIREES or in terms of rule 9.2.4 in respect of PAID-UP MEMBERS or any other expenses deducted from the SAVINGS COMPONENT, including any expense deducted from a SAVINGS COMPONENT withdrawal in terms of rule 34.12.1.3, as determined by the BOARD;
 - 34.7.3.4. BENEFIT payments, payments in terms of section 37D of the Pension Funds Act or transfers in terms of these RULES; and
 - 34.7.3.5. a share of the investment losses of the FUND based on the investment portfolio or portfolios his or her SAVINGS COMPONENT is invested in.

34.8. Vested Annuity Component⁶⁴

- 34.8.1. Each MEMBER shall have a VESTED ANNUITY COMPONENT, which may have a nil value.
- 34.8.2. The following amounts must be credited to a MEMBER'S VESTED ANNUITY COMPONENT:
- 34.8.2.1. for a MEMBER in the FUND on 1 September 2024, his FUND CREDIT on 31 August 2024 less his VESTED TRANSFER BENEFIT on 31 August 2024 in terms of rule 34.9.2.1 and less any amount in respect of rule 34.9.2.2 for a MEMBER who was previously a member of the Soweto City Council Pension Fund;
- 34.8.2.2. CONTRIBUTIONS made by the MEMBER in terms of rule 7.1.6.1;
- 34.8.2.3. CONTRIBUTIONS made by the EMPLOYER in terms of rule 7.2.8.3(a);
- 34.8.2.4. transfers of a vested annuity component from another APPROVED FUND, other than a retirement annuity fund, in terms of rule 7.1.4 or rule 38.3; and
- 34.8.2.5. a share of the investment earnings of the FUND based on the investment portfolio or portfolios his or her VESTED ANNUITY COMPONENT is invested in.
- 34.8.3. The following amounts must be debited to a MEMBER'S VESTED ANNUITY COMPONENT:
- 34.8.3.1. transfer of a MEMBER'S SAVINGS COMPONENT SEEDING AMOUNT to his SAVINGS COMPONENT in terms of rule 34.10.1.1;
- 34.8.3.2. transfers to the MEMBER'S RETIREMENT COMPONENT in terms of rule 34.11.1.2;

⁶⁴ Inserted via Rule Amendment 7 effective 1 September 2024

34.8.3.3. transfers to the General Reserve Account in terms of rule 8.4.6 in respect of DEFERRED RETIREES or in terms of rule 9.2.4 in respect of PAID-UP MEMBERS or any other expenses deducted from the VESTED ANNUITY COMPONENT as determined by the TRUSTEES;

34.8.3.4. benefit payments, payments in terms of section 37D of the Pension Funds Act or transfers in terms of these RULES; and

34.8.3.5. a share of the investment losses of the FUND based on the investment portfolio or portfolios his or her VESTED ANNUITY COMPONENT is invested in.

34.9. Vested Lump Sum Component⁶⁵

34.9.1. Each MEMBER shall have a VESTED LUMP SUM COMPONENT, which may have a nil value.

34.9.2. The following amounts must be credited to a MEMBER'S VESTED LUMP SUM COMPONENT:

34.9.2.1. for a MEMBER in the FUND on 1 September 2024, his VESTED TRANSFER BENEFIT on 31 August 2024;

34.9.2.2. for a MEMBER in the FUND on 1 September 2024 who previously transferred his or her benefit in the Soweto City Council Pension Fund to the FUND, the amount transferred plus the net investment earnings and losses in the FUND on this amount up to 31 August 2024;

34.9.2.3. transfers of a vested lump sum component from another APPROVED FUND, other than a retirement annuity fund, in terms of rule 7.1.4 or rule 38.3; and

34.9.2.4. a share of the investment earnings of the FUND based on the investment portfolio or portfolios his or her VESTED LUMP SUM COMPONENT is invested in.

⁶⁵ Inserted via Rule Amendment 7 effective 1 September 2024

34.9.3. The following amounts must be debited to a MEMBER'S VESTED LUMP SUM COMPONENT:

34.9.3.1. transfer of a MEMBER'S SAVINGS COMPONENT SEEDING AMOUNT to his SAVINGS COMPONENT in terms of rule 34.10.1.2;

34.9.3.2. transfers to the MEMBER'S RETIREMENT COMPONENT in terms of rule 34.11.1.2;

34.9.3.3. transfers to the General Reserve Account in terms of rule 8.4.6 in respect of DEFERRED RETIREES or in terms of rule 9.2.4 in respect of PAID-UP MEMBERS or any other expenses deducted from the VESTED LUMP SUM COMPONENT as determined by the TRUSTEES;

34.9.3.4. benefit payments, payments in terms of section 37D of the Pension Funds Act or transfers in terms of these RULES; and

34.9.3.5. a share of the investment losses of the FUND based on the investment portfolio or portfolios his or her VESTED LUMP SUM COMPONENT is invested in.

34.10. Savings Component Seeding Amount ⁶⁶

34.10.1. The SAVINGS COMPONENT SEEDING AMOUNT for a MEMBER who was a MEMBER of the FUND on 1 September 2024 shall be as follows:

34.10.1.1. a transfer from the MEMBER'S VESTED ANNUITY COMPONENT to his SAVINGS COMPONENT equal to:

$$\text{VESTED ANNUITY COMPONENT} / \text{FUND CREDIT} \times$$

(lesser of 10% x FUND CREDIT and R30 000)

and

34.10.1.2. a transfer from the MEMBER'S VESTED LUMP SUM COMPONENT to his SAVINGS COMPONENT equal to:

⁶⁶ Inserted via Rule Amendment 7 effective 1 September 2024

VESTED LUMP SUM COMPONENT / FUND CREDIT x
(lesser of 10% x FUND CREDIT and R30 000)

provided that the SAVINGS COMPONENT SEEDING AMOUNT shall be calculated as at 1 September 2024 immediately after the transfer into the VESTED ANNUITY COMPONENT in terms of rule 34.8.2.1 and the transfers into the VESTED LUMP SUM COMPONENT in terms of rule 34.9.2.1 and rule 34.9.2.2.

34.11. Transfer of benefits between Components ⁶⁷

34.11.1. A MEMBER shall at any time be entitled to elect to:

34.11.1.1. transfer all or part of the balance in his SAVINGS COMPONENT to his RETIREMENT COMPONENT; or

34.11.1.2. transfer all or part of the balance in his VESTED ANNUITY COMPONENT and his VESTED LUMP SUM COMPONENT to his RETIREMENT COMPONENT.

34.11.2. No transfers between COMPONENTS, other than those set out in rule 34.11.1 and the transfers on 1 September 2024 in terms of rule 34.10.1.1 and rule 34.10.1.2, shall be permitted.

34.12. Savings Component Withdrawals ⁶⁸

34.12.1. A MEMBER may at any time elect to withdraw part or all of his SAVINGS COMPONENT as a cash lump sum benefit, subject to the following conditions:

34.12.1.1. the amount withdrawn shall be subject to a minimum of R2 000 or such other amount determined by SARS from time to time, either by means of legislation or through practice notes applicable to all retirement funds;

34.12.1.2. only one amount may be withdrawn in each tax year from 1 March to the end of February in the following year unless the MEMBER exits the FUND in terms of RULE 9 and the

⁶⁷ Inserted via Rule Amendment 7 effective 1 September 2024

⁶⁸ Inserted via Rule Amendment 7 effective 1 September 2024

benefit in the SAVINGS COMPONENT is less than R2 000 or such other amount determined by SARS from time to time, either by means of legislation or through practice notes applicable to all retirement funds;

34.12.1.3. a withdrawal administration fee, as determined by the BOARD, shall be deducted from the amount withdrawn and allocated to the General Reserve Account;

34.12.1.4. where the FUND is aware of any divorce proceedings or other proceedings regarding the dissolution of a marriage, maintenance proceedings, EMPLOYER claims in terms of section 37D of the Pension Funds Act or housing collateral against the MEMBER'S benefit, payment shall be subject to such conditions as are determined by the BOARD, provided that in respect of an EMPLOYER claim in terms of section 37D of the Pension Funds Act, the FUND may not suspend payment for more than the prescribed period in the Pension Funds Act;

34.12.1.5. such other terms and conditions relating to the payment of SAVINGS COMPONENT withdrawals as may be determined by the BOARD from time to time and communicated to the MEMBERS; and

34.12.1.6. the amount withdrawn shall be dealt with in accordance with the Income Tax Act, 1962.

35. POWERS AND DUTIES OF THE BOARD IN RELATION TO THE FUND'S INVESTMENTS

35.1. The BOARD must -

35.1.1. open a bank account in the name of the FUND into which all CONTRIBUTIONS must be paid;

35.1.2. develop an investment policy and strategy for the FUND, taking into account the long-term interests of the FUND and its MEMBERS. The policy and strategy must include guidelines on -

- 35.1.2.1. the investment objectives of the FUND;
- 35.1.2.2. the nature of investments which are appropriate to those objectives with reference, if appropriate, to different categories of MEMBERS;
- 35.1.2.3. the types of investments which the FUND is prepared to make and those that it is not prepared to make;
- 35.1.2.4. regular reviews of the performance of the investments; and
- 35.1.2.5. the extent, if any, to which MEMBER will be permitted to decide how assets attributable to them will be invested, provided that where any such investment choice decisions are permitted – ⁶⁹
 - (a) the BOARD shall have the right to determine, and change from time to time, the number, range and composition of the investment portfolios that members may select;
 - (b) the BOARD shall have the right to determine, and change from time to time, conditions related to the ability of MEMBERS to switch between investment portfolios;
 - (c) the BOARD shall take reasonable steps to ensure that MEMBERS are adequately informed of the investment choices available to them and the possible consequences of their decisions, but the BOARD shall in no way advise, influence or assist MEMBERS in making their choices, it being a requisite that where appropriate such advice be obtained by MEMBERS from advisers of their choosing; and
 - (d) whilst the BOARD shall take reasonable steps to ensure that the interests of all MEMBERS are protected, the BOARD and the FUND shall not be liable for any loss, damage or prejudice suffered, or alleged to be suffered, by any MEMBER or other person claiming to be entitled to a benefit or any other amount under the FUND, as a

⁶⁹ Replaced via Rule Amendment 3 effective 1 July 2022

result of or in connection with any investment choice made by a MEMBER.

- 35.1.3. ensure that the FUND'S investments are made in accordance with the policy and strategy and in accordance with sound financial principles;
 - 35.1.4. establish effective measures for the control of the investments and to manage the risks associated with the investments of the fund; and
 - 35.1.5. if the investment policy and strategy allows for the investment of assets in a futures contract, an option contract, loan stock or any instrument that the AUTHORITY by notice in the Government Gazette declares to be a financial instrument, take such prudent precautions to control the risks associated with investments in these kinds of instruments.
- 35.2. The BOARD has the power to -
- 35.2.1. invest in and dispose of fixed property only if any amount lent to a person on the basis of security in the form of a mortgage over fixed property, together with any other amount that has been lent on the basis of security in the form of a mortgage over that same property does not exceed 80 per cent of the value of the property on the date on which the monies are lent.
 - 35.2.2. invest, lend, put out at interest, place on deposit, make advances of or otherwise deal with the monies of the FUND upon such security and in such manner as it may decide from time to time;
 - 35.2.3. sell, change, reinvest or otherwise deal with shares and other investments;
 - 35.2.4. obtain an overdraft from a bank or borrow from any other party such amount as it decides and on such terms as it thinks fit in order to complete any investment or meet any temporary unforeseen cash shortage. For this purpose it can give such security as it decides as long as together all amounts borrowed by the FUND do not exceed half of the FUND'S total income before deductions from all sources during the previous FINANCIAL YEAR unless authorised by the AUTHORITY.

PART F: GENERAL**36. RIGHT TO INSPECT DOCUMENTS AND OBTAIN COPIES**

Every MEMBER is entitled to see and, at his or her own expense, make copies of -

- 36.1. the RULES;
- 36.2. the latest revenue account and balance sheet prepared in terms of the Pension Funds Act;
- 36.3. the report by the ACTUARY on the latest statutory valuation of the FUND, if there is one;
- 36.4. any scheme which is being conducted by the FUND in terms of section 18 of the Pension Funds Act.

37. GUARANTEES FOR HOUSING LOANS

37.1. If a financial institution grants to a MEMBER a loan to be used for HOUSING PURPOSES, the FUND, at the sole discretion of the BOARD, may grant to that financial institution a guarantee that, if the MEMBER fails to repay the loan, the financial institution will have a claim against the FUND for the amount owed to it by the MEMBER on the following conditions: ⁷⁰

- 37.1.1. the loan shall be a maximum of 65% of the MEMBER'S FUND CREDIT at the time the housing guarantee is granted;
- 37.1.2. the claim by the financial institution against the FUND will be limited to the amount that the MEMBER would be entitled if he or she left the FUND before his or her NORMAL RETIREMENT DATE; and
- 37.1.3. the member must in writing pledge that amount to the FUND.

37.2. If the MEMBER fails to pay the amounts due by him or her to the financial institution to which the FUND has issued a guarantee, the FUND may pay what is due to the financial institution and treat that amount as a loan granted to the MEMBER for HOUSING PURPOSES unless it has granted him or her a loan for

⁷⁰ Replaced via Rule Amendment 7 effective 1 September 2024

HOUSING PURPOSES in relation to another property. If a loan is granted to him or her by the FUND - ⁷¹

- 37.2.1. the loan shall be a maximum of 65% of the MEMBER'S FUND CREDIT at the time the loan is granted;
- 37.2.2. the loan must be repayable over a period of not more than 30 years in equal monthly instalments;
- 37.2.3. it must be secured by a pledge of the MEMBER'S benefits or a mortgage on the property.
- 37.2.4. if the period of the loan extends beyond the MEMBER'S NORMAL RETIREMENT DATE, the outstanding balance of the loan on that date must be able to be repaid out of not more than the total of the MEMBER'S SAVINGS COMPONENT, the MEMBER'S VESTED LUMP SUM COMPONENT and one-third of the MEMBER'S VESTED ANNUITY COMPONENT as at that date,
 - 37.2.4.1. and if secured by a mortgage on the property, the loan must not exceed 90% of the fair value as defined in the Pension Funds Act of the property; and
 - 37.2.4.2. if it is secured by a pledge, it must not exceed the total of the MEMBER'S SAVINGS COMPONENT, the MEMBER'S VESTED LUMP SUM COMPONENT and the MEMBER'S VESTED ANNUITY COMPONENT that the MEMBER would receive from the FUND if he or she voluntarily stopped being a MEMBER before his or her NORMAL RETIREMENT DATE or 90% of the fair value as defined in the Pension Funds Act of the property concerned, whichever is the lesser.
- 37.2.5. if it is secured by both a mortgage and a pledge, it shall be a maximum of 65% of the MEMBER'S FUND CREDIT at the time the mortgage and pledge are granted and it must not exceed the aggregate of :
 - 37.2.5.1. 90% of the fair value as defined in the ACT; and

⁷¹ Replaced via Rule Amendment 7 effective 1 September 2024

37.2.5.2. the total of the MEMBER'S SAVINGS COMPONENT, the MEMBER'S VESTED LUMP SUM COMPONENT and the MEMBER'S VESTED ANNUITY COMPONENT that the MEMBER would receive from the fund if he or she voluntarily stopped being a MEMBER before his or her NORMAL RETIREMENT DATE.

37.2.6. the loan will bear interest at not less than the minimum rate provided for in the regulations to the Pension Funds Act;

38. AMALGAMATIONS AND TRANSFERS

38.1. As long as they do so in terms of the relevant provisions of the Pension Funds Act, the BOARD may -

38.1.1. amalgamate any business carried on by the FUND with any business carried on by any other person;

38.1.2. transfer any business carried on by the FUND to any other person;

38.1.3. accept the transfer of any business carried on by another person to the FUND.

38.2. Whenever the FUND amalgamates, transfers or accepts the transfer of any business, the BOARD must ensure that a written notice is sent to every MEMBER who is to transfer out of the FUND and to every person who is about to transfer into the FUND. Full details of the amalgamation or transfer scheme must appear in the notice. The notice must be sent at least 30 days before the scheme is submitted to the AUTHORITY for his or her approval.

38.3. The FUND may accept the transfer into it of persons who were members of any APPROVED FUND, other than a retirement annuity fund, to which the COUNCIL or any body which was one of its legal predecessors contributed on behalf of such persons even if they are older than 60 at the time of the transfer. The fund may simultaneously accept the transfer into it of assets for the benefit of such persons in which event such amounts that are transferred in respect of a MEMBER shall

be credited to matching COMPONENTS in his or her MEMBER'S Fund Account.

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39. CONFIDENTIALITY OF INFORMATION

The BOARD and each of the members of the BOARD are only entitled to such information from an EMPLOYER as they may reasonably require for the fulfilment of their responsibilities in terms of these RULES. They may only use such information for the administration and management of the FUND and may not disclose it to any person or body other than office-bearers or employees or agents of the FUND. Those persons likewise may only use the information for the administration and management of the FUND and may not disclose it to anyone else without the permission of the BOARD.

40. EXPENSES OF THE FUND

The FUND must pay for all expenses incurred in the management and administration of the FUND and in auditing and conducting actuarial valuations of the FUND if those expenses were authorised by the BOARD in accordance with specific decisions taken by it or general policies formulated by it.

41. CURRENCY

All CONTRIBUTIONS and all benefits must be paid in South African Rands.

42. INDEMNITY

The FUND will refund to a member of the BOARD all costs reasonably incurred by him or her in opposing a claim against the FUND which did not result from any negligence, recklessness, intentional unlawful acts, dishonesty or fraud by that member of the BOARD.

43. FIDELITY INSURANCE

The BOARD must ensure that the FUND is insured by the COUNCIL, the government of the Republic of South Africa or an insurer registered as an insurer in terms of the Long Term Insurance Act, 1998, to transact life business. The FUND must be insured by that insurer against any loss which results from the error or omissions, negligence, recklessness, intentional unlawful acts or dishonesty of -

⁷² Replaced via Rule Amendment 7 effective 1 September 2024

43.1. a member of the FUND'S BOARD;

43.2. the principal officer or any other official of the FUND; or

43.3. an employee of the FUND or of an EMPLOYER

other than a loss which arises when the FUND sells an asset in accordance with a decision about its investments, or when the FUND receives a lower than expected return on its investments or as a result of the payment of a benefit in terms of the RULES.

44. RESTRICTION ON EMPLOYERS' BENEFITS

Save to the extent permitted by law or in terms of these RULES, an EMPLOYER may not derive monetary advantage from monies paid into or out of the FUND.

PART G: TERMINATION OF THE FUND

45. TOTAL TERMINATION OF THE FUND

45.1. Circumstances in which fund may be terminated

The FUND must be terminated if -

- 45.1.1. the BOARD passes a resolution saying that it would be in the best interests of its MEMBERS for it to be terminated;
- 45.1.2. the COUNCIL or the High Court decides that the FUND must be terminated; or
- 45.1.3. if the COUNCIL stops paying contributions to the FUND after giving it three months written notice of its intention to stop paying the contributions and fewer than two-thirds of the MEMBERS decide by vote to keep the FUND going without contributions by the COUNCIL.

45.2. Appointment of Liquidator

If the FUND is to be terminated then the BOARD must appoint a liquidator whose appointment shall be subject to the approval of the AUTHORITY.

45.3. Dissolution of the Fund when the Board or the Council decides that it must be liquidated

- 45.3.1. This rule applies if the BOARD or the COUNCIL decides that the FUND must be liquidated and fewer than two-thirds of the MEMBERS decide by vote to keep the FUND going without contributions by the COUNCIL. It does not apply if the High Court decides that it must be liquidated.
- 45.3.2. After paying the FUND'S creditors, the liquidator must on a basis he or she regards as equitable share the remaining assets among -
 - 45.3.2.1. the MEMBERS, provided that any amount allocated to a MEMBER in excess of the MEMBER'S FUND CREDIT must be allocated one-third to the MEMBER'S SAVINGS

COMPONENT and two-thirds to the MEMBER'S RETIREMENT COMPONENT;⁷³

45.3.2.2. those former MEMBERS whose membership of the FUND ceased in the last 12 months before the liquidation; and

45.3.2.3. if the law allows it, the EMPLOYERS.

45.3.3. The amount to be paid to a former MEMBER must be paid to him or her in cash. When the liquidator calculates how much is to be paid to a former MEMBER, the liquidator must take into account the amount which was paid to him or her when he or she left the FUND.

45.3.4. The amount allocated to a current MEMBER must be transferred to an APPROVED FUND unless, in the opinion of the liquidator, it would be more appropriate for the amount excluding the MEMBER'S RETIREMENT COMPONENT to be paid to him or her in cash, in which event the MEMBER'S RETIREMENT COMPONENT must still be transferred to an APPROVED FUND.⁷⁴

45.3.5. The liquidator must take all reasonable steps to find the people to whom money is due when the FUND is liquidated. If the liquidator cannot find some of the people within nine months of the date on which the FUND started paying out liquidation benefits, the amounts which should have been paid to them must be paid into the Guardian's Fund. After that is done those people will have no claim against the FUND but can claim their money from the Guardian's Fund. The liquidator must report to the AUTHORITY on the steps that he or she took to find the missing people and the amount that he or she paid into the Guardian's Fund for them.

45.4. **Liquidation of the Fund when a court decides that it must be liquidated**⁷⁵

If a court decides that the FUND must be liquidated, the liquidator must liquidate the FUND in terms of the relevant provisions of the Pension Funds Act. If the court does not make section 410 of the Companies Act applicable to the liquidation or if it does not instruct the liquidator on what to do with unclaimed benefits, those

⁷³ Replaced via Rule Amendment 7 effective 1 September 2024

⁷⁴ Replaced via Rule Amendment 7 effective 1 September 2024

⁷⁵ Replaced via Rule Amendment 7 effective 1 September 2024

benefits must be paid into the Guardian's Fund and the liquidator must report to the AUTHORITY on the amounts paid into the Guardian's Fund and the steps that he or she took to locate the beneficiaries. Thereafter there will be no claim against the fund in respect of that amount. Rule 45.3.4 shall apply in respect of benefits allocated to MEMBERS.

46. CONTINUATION OF THE FUND WITHOUT CONTRIBUTIONS BY THE COUNCIL

If the BOARD or the COUNCIL decides that the FUND must be liquidated and more than two-thirds of the MEMBERS decide by vote to keep the FUND going without contributions by the COUNCIL, then the COUNCIL must consent to all the changes to the RULES that the BOARD decides are needed in order to provide for this.

47. PARTIAL TERMINATION OF THE FUND

47.1. If an EMPLOYER decides to establish or to participate in a new fund or scheme which will provide retirement benefits for its employees or for certain of its employees, the BOARD must, if the EMPLOYER asks it to and the COUNCIL consents, transfer to the new fund in terms of the applicable provisions of the Pension Funds Act the FUND CREDIT of each of the MEMBERS employed by that EMPLOYER which the EMPLOYER says is required to join the new fund. In addition the FUND must transfer to that FUND, such portion of the assets in the Risk Reserve Account and the General Reserve Account as may be required to ensure that the FUND complies with the law.

47.2. Liquidation accounts relating to MEMBERS employed by the EMPLOYER who are transferring to the new fund must be submitted to the AUTHORITY.

48. CHANGES TO THE EMPLOYERS

48.1. Reconstruction of the Council

If the COUNCIL is amalgamated with another body or is reconstructed in a similar or different form or is replaced by an organisation with the same functions as the COUNCIL, then the reconstructed COUNCIL or the new organisation will be allowed to take the place of the COUNCIL in relation to the FUND. If it does not choose to take the place of the COUNCIL then it will be assumed that the COUNCIL has decided that the FUND must be wound up.

48.2. Winding up or transfer of the control in or operations of an employer other than the Council

48.2.1. This rule applies if one of the EMPLOYERS other than the COUNCIL -

48.2.1.1. is wound up; or

48.2.1.2. transfers its operations to a new organisation which is not an EMPLOYER as defined in these RULES; or

48.2.1.3. is amalgamated with another organisation which is not an EMPLOYER as defined in these RULES; or

48.2.1.4. stops paying contributions to the FUND after giving the FUND at least three months' written notice of its intention to stop paying contributions.

48.2.2. If one of these events occurs, then, subject to the provisions of section 28 of the Pension Funds Act, the FUND CREDIT of each MEMBER employed by that EMPLOYER must be transferred to an APPROVED FUND selected by that MEMBER'S new employer. If the new employer does not select an APPROVED FUND or if the MEMBER is not employed by a new employer immediately after he or she stops being employed by the EMPLOYER, the MEMBER'S FUND CREDIT must be transferred to an APPROVED FUND selected by him or her or paid to him or her in cash, other than his or her RETIREMENT COMPONENT which must be transferred to an APPROVED FUND selected by the MEMBER or if the MEMBER fails to make such an election, an APPROVED FUND selected by the BOARD. ⁷⁶

49. PAID-UP (PROMOTED OR CONTRACT) MEMBERS ⁷⁷

49.1. Notwithstanding any other provisions of these RULES, a MEMBER who, during a period prior to 25 November 2008 -

49.1.1. ceased to be employed by an EMPLOYER on a permanent basis;

⁷⁶ Replaced via Rule Amendment 7 effective 1 September 2024

⁷⁷ Amended via Rule Amendment 4 effective 1 October 2023

49.1.2. instead became employed on the basis of a fixed-term contract with the option to cease making CONTRIBUTIONS to the FUND;

49.1.3. ceased to make such CONTRIBUTIONS and ceased to enjoy the benefit of EMPLOYER CONTRIBUTIONS made to the FUND; and

49.1.4. has not been paid a BENEFIT by the FUND,

remained a MEMBER of the FUND.

49.2. A MEMBER who meets the criteria set out in RULE 6.2.1.2 or RULE 49.1 shall become a PAID-UP (PROMOTED OR CONTRACT) MEMBER who shall be subject to the RULES of the FUND as they apply to PAID-UP MEMBERS, except that the PAID-UP (PROMOTED OR CONTRACT) MEMBER shall not be entitled to receive or transfer his or her benefit until he or she leaves the employment of the EMPLOYER.