1. GENERAL

1.1 The Germiston Municipal Pension Fund was established with effect from 1 July 1924. In terms of Section 1 of the Income Tax Act, the Fund is classified as a pension fund. The Fund was established as a defined benefit pension fund. Since conversion of the Fund in March 1994, the Fund is now a hybrid that has both defined benefit and defined contribution elements.

With effect from 1 May 1994 the name of the Fund changed to the Germiston Municipal Retirement Fund and was converted to a defined contribution arrangement.

1.2 The registered office of the Fund is at 1st Floor, Old Mutual Building, 98 President Street, Germiston.

1.3 The object of the Fund is, in terms of these Rules, to provide retirement and other benefits for employees and former employees of the Employers, and benefits in the event of their death.

1.4 The Fund, in its own name, shall be capable in law of suing and of being sued and of acquiring, holding and alienating property, movable and immovable.

1.5 It is specifically provided that Members and Pensioners who have become entitled to benefits or who may so become entitled in terms of the Previous Rules shall continue to receive benefits and be administered in terms of the terms and provisions of the Previous Rules.

1.6 These Rules shall be effective from the date of registration by the Registrar and shall include all amendments up to and including that date.
With effect from 11 January 2012; the Fund shall operate as an umbrella fund; provided that:

(a) as the contribution rates and the benefits set out in the Rules apply without variation to all the Participating Employers, the Fund does not operate in accordance with special rules applicable to each Employer;

(b) the Fund shall not apply to the Registrar for an exemption in terms of Section 7B (1) (b) (i) of the Act from the provisions of Section 7A of the Act; and

(c) no more Participating Employers shall be allowed to participate in the Fund and when all the current Participating Employers have ceased participation in the Fund, the Fund shall cease to operate as an umbrella fund.
2. **DEFINITIONS**

In these Rules words defined in the Act and not in the Rules shall have the meanings assigned to them in the Act and, unless inconsistent with the context, all words and expressions signifying the singular shall include the plural and vice versa, words and expressions implying the masculine gender shall include the feminine, and the following words and expressions shall have the following meanings:

"Act" shall mean the Pension Funds Act, 1956, as amended, and the regulations made in terms of that Act.

"Actuary" shall mean the Actuary appointed in terms of these Rules.

"Administrators" shall mean the Germiston Municipal Retirement Fund, appointed to administer the Fund in terms of these Rules.

"Appointed Committee Members" shall mean the members of the Committee appointed by the Council in terms of Rule 13.2.1.

"Approved Pension Fund" shall mean a pension fund approved as such by the Revenue Authorities for the purposes of these Rules.

"Approved Provident Fund" shall mean a provident fund approved as such by the Revenue Authorities for the purposes of these Rules.

"Approved Retirement Annuity Fund" shall mean a retirement annuity fund approved as such by the Revenue Authorities for the purposes of these Rules.

"Auditor" shall mean an Auditor registered under the Auditing Profession Act, Act No 26 of 2005, appointed in terms of these Rules.
“Beneficiary” shall mean any person who is entitled to benefits in terms of these Rules.

“Bonus Service” shall mean additional Continuous Service, the quantum of which shall be calculated as follows:

(1) for an employee who was in Service on 1 July 1989 or entered the Service between that date and 1 November 1989 and who has not elected in terms of paragraph (2) below that his Bonus Service be calculated in terms of that paragraph, if he has had a minimum of 20 years’ Continuous Service, as defined in this Rule 2 but excluding items (e); (f) and (g), in the case of any employee, one year of Bonus Service for each completed period of five years in the Service with a maximum of five years;

or

(2) for an employee who was not in the Service on 1 November 1989 or who has elected in such form and at such time as the Committee may have determined in terms of the Previous Rules that his Bonus Service be calculated in terms of this paragraph:

(a) if he has had a minimum of twenty years Continuous Service as defined in this Rule 2, but excluding items (e), (f) and (g):

(i) one year of Bonus Service; plus

(ii) a further year of Bonus Service for every completed five years of Continuous Service in excess of twenty years;
provided that Bonus Service in terms of paragraphs (1)(a) and (b) and 2(a) shall not be taken into account in order to determine whether the sum of an employee’s age and his Continuous Service is equal to 95 years in terms of the definition of “optional retirement date” in the Previous Rules or a resignation benefit in terms of section 18(3) of the Previous Rules and such Bonus Service shall, after determination of the Fund Credit of a Member and the Conversion Date, vest in the Member on the last day of employment of the Member; provided that at withdrawal or retirement of the Member his Bonus Service at that date, if applicable, shall be reduced by that part of Bonus Service which was included in his accumulated contributions on the Conversion Date.

“Casual Employee” shall mean any person employed by the Council who:

(a) is appointed for a fixed period not exceeding one year;

or

(b) is appointed on an indefinite but temporary basis, provided that such a person shall cease to be regarded as a casual employee for the purpose of these rules once he has remained in service of the Council for a period of more than six months.

“Committee” shall mean the Committee constituted in terms of Rule 13 to administer the Fund, and shall also be known as the “board” as defined in the Act.

“Continuous Service” shall mean the total amount of time which an employee has been in the service of the employer and for which contributions have been received in terms of Rule 4 and shall include:

(a) all periods of authorised leave of absence;
(b) all breaks in service regarded as leave without pay or otherwise condoned by the Committee for the purpose of membership of the fund;

(c) all periods of suspensions followed by reinstatement in the same or other office or post;

(d) the period of membership of another Approved Pension Fund or Approved Provident Fund from which his membership has been transferred and which is deemed to be continuous service;

(e) any period purchased in terms of section 29A of the Previous Rules;

(f) Bonus Service as defined;

(g) where the Employer requires the retirement of a Member who was an employee on the Conversion Date, if he retires before his “optional retirement date” as defined in the Previous Rules, the period between the actual date of retirement and his optional retirement date, or if he retires after his optional retirement date, the period between the actual date of retirement and the date on which he would have attained the normal retirement age;

provided that:

(i) Continuous Service shall be expressed in years and, in respect of each completed month, a fraction of a year, and fractions of a month shall be disregarded;

(ii) Continuous Service in excess of 55 years shall be disregarded.
“Conversion Date” shall mean 1 May 1994, being the date on which Fund ceased to provide benefits determined in accordance with defined benefit funding principles and began to provide benefits determined in accordance with defined contribution funding principles.

“Council” shall mean the Ekurhuleni Metropolitan Municipality and Participating Employers.

“Deferred Pensioner” shall mean a Member who has exercised an option in terms of Rule 7.2.2 (a) to preserve his benefit in the Fund in accordance with the provisions of Rule 7.3, until payment of his benefit commences.

“Dependant” shall mean a Dependant as defined in the Act.

“Effective Date” shall mean a date to be decided by the Committee, on or after 1 September 2005.

“Elected Committee Members” shall mean the members of the Committee elected by the Members in terms of Rule 13.2.2.

“Eligible Employee” shall mean an employee in the Service of the Main Employer who is in the full-time employment of the Employer and who has not yet reached the age of 65; excluding:

(a) a relief labourer in respect of whom a subsidy is received from the State;

(b) a Casual Employee; and

(c) an employee who enters the Service of one of the Participating
Employers after 11 January 2012;

"Employer" shall mean the Main Employer and any of the Participating Employers.

In relation to any particular employee or Member, "Employer" shall mean the Employer by whom that person is, or was last, employed.

"Financial Year" shall mean each twelve-month period ending on 30 June.

"Fund" shall mean the Germiston Municipal Retirement Fund.

"Fund Credit" shall mean in relation to each Member an amount determined in accordance with the provisions of Rule 4.4.5.

“Investment Return” shall mean any income (received or accrued) and capital gains and losses (realised and unrealised) of the Fund, less an allowance for any tax and such expenses (paid or incurred) associated with the acquisition, holding or disposal of the assets of the Fund as may be determined by the Committee, provided that

(a) such Investment Return may be positive or negative;

(b) the Investment Return shall be allocated on such equitable basis as the Committee in consultation with the Investment Financial Advisor and in accordance with the agreed practice of the Fund may determine from time to time; provided that in determining the Investment Return, the Committee shall take into consideration the impact of any miscellaneous mismatches which arise in the administration of the Fund; and

(c) where the assets of the Fund, or a portion thereof, are invested in a particular portfolio or portfolios, the calculation of Investment Return shall take into account the investment performance of
such portfolio or portfolios.

"Main Employer" shall mean the Ekurhuleni Metropolitan Municipality.

"Member" shall mean an Eligible Employee who, having been admitted to membership of the Fund in accordance with these Rules, has not ceased to be a Member in terms of these Rules.

“Normal Retirement Date” shall mean the last day of the month in which either:

(a) a Member attains age 65, or

(b) in the case of Members in Service on 1 May 1994, the age on which he attains the age of retirement as defined in the Rules of the Fund as they applied immediately prior to that date; provided that this is not later than age 65;

provided that if a Member retires on the day on which he attains the retirement age contemplated in (a) or (b) above, he shall be deemed to be on retirement with effect from the first day following the day on which he reaches the retirement age in (a) or (b) above.

“Participating Employer” shall mean an Employer who was admitted as a Participating Employer by the Trustees prior to 11 January 2012.

“Pension” shall mean either

(a) the annuity or, subject to the requirements of the Revenue Authorities, annuities purchased from a Registered Insurer in the name of the person entitled to the Pension in terms of these Rules; or

(b) an annual Pension purchased from a Registered Insurer in the name of the Fund, payable for the lifetime of the Beneficiary, or
in the case of a Pension payable in respect of a child of a Member, the annual Pension payable as long as such child remains a Qualifying Child and shall include an annuity or benefit payable to a beneficiary in terms of the Previous Rules.

“Pension Preservation Fund” shall mean a pension preservation fund recognised or approved as such by the Revenue Authorities for the purposes of these Rules.

“Pensionable Emoluments” shall mean the Member’s basic annual salary or wages and any other regular amounts which are regarded as pensionable by the Committee at the request of the Employer, subject to Rule 6.2.1 (b), excluding:

(a) special remuneration for special duties or while acting in an office, whether such a post is permanently or temporarily vacant; or

(b) any locomotion or subsistence allowance; or any fees, honoraria or bonuses of any kind; or

(c) any other allowance not herein specified; provided that the amount of any allowance that is a pensionable allowance shall be included.

“Pensioner” shall mean:

(a) a Member entitled to a disability Pension in terms of Rule 6.2;

(b) a Member who has retired or, if applicable, a beneficiary who became entitled to payment of a Pension on the death of a Member or Pensioner in terms of the provisions of the Rules as they applied prior to 1 September 2005, for payment of whose
Pension the Fund retains liability due to such Pensioner’s election that his Pension be purchased from a Registered Insurer in the name of the Fund.

“Pensioner Outsource Date” shall mean the date decided on by the Committee, on or after 1 September 2005.

“Previous Fund” shall mean an Approved Provident Fund or Approved Pension Fund in which an Employer participates or participated or in which a previous Employer participated and from which a Member or a group of Members transferred in accordance with the provisions of Section 14 of the Act.

“Previous Rules” shall mean the Rules of the Fund as they applied prior to the Conversion Date.

"Principal Officer” shall mean the Principal Officer of the Fund appointed in accordance with these Rules.

“Qualifying Child” shall mean the child of a Member or Pensioner:

(a) a child of the Member or Pensioner, under the age of 18 years and unmarried, including an illegitimate or a legally adopted child, or

(b) a step-child, under the age of 18 years and unmarried, who, in the opinion of the Committee, was substantially dependent on the Member or Pensioner at the time of his death;

and shall include a child

(i) under the age of 23 years and is, in the opinion of the Committee, receiving full time education at a registered teaching institution; or

(ii) is, in the opinion of the Committee, permanently incapacitated
by reason of physical or mental infirmity from supporting himself;

but shall exclude a child as defined in (a) or (b) above who was adopted or became a step-child after the Member’s Normal Retirement Date, or the date of the Member’s actual retirement, if earlier; provided that:

(aa) in the case of doubt the Committee shall, within their discretion, determine whether a child is a Qualifying Child;

(bb) in the case of a child of a Pensioner who was a Pensioner of the Fund on 30 April 1994, the Committee shall determine in terms of the Previous Rules whether such a child is a Qualifying Child.

“Qualifying Spouse” of a Member or Pensioner shall mean the surviving partner of the Member in a Recognised Marital Union existing at the time of the death of the Member or Pensioner; provided that in the event of the death of a Pensioner such Recognised Marital Union must already have existed at the earlier of the Member’s Normal Retirement Date or his actual retirement date; provided that:

(a) in the case of the spouse of a Pensioner who was a Pensioner prior to the Conversion Date, the Committee shall determine in terms of the Previous Rules whether such a spouse is a Qualifying Spouse;

(b) if the deceased Member leaves more than one Qualifying Spouse, the Committee shall decide to which of them and in what proportion the benefits shall be paid, provided that the total Qualifying Spouses’ Pensions payable shall be equal to the Pension that would have been payable had there been only one Qualifying Spouse.
“Recognised Marital Union” shall mean either

(a) a legal marriage in accordance with the Marriage Act, 1961 (Act No.68 of 61), the Recognition of Customary Marriages Act 1998 (Act No.68 of 1997) or the Civil Union Act, 2006 (Act No.17 of 2006) ; or

(b) a union recognised as a marriage under any religion;

(c) a cohabitation or dependence (by virtue of financial or other maintenance) of a Member or Pensioner and another person, which is deemed a Recognised Marital Union by the Committee;

provided that a Recognised Marital Union may, at the discretion of the Committee, include a marriage which has been dissolved but where the other person is still to some degree financially dependent upon the Member or Pensioner.

“Registered Insurer” shall mean an insurer registered in terms of the Long-term Insurance Act, 1998.

"Registrar" shall mean the Registrar of Pension Funds referred to in the Act.

"Revenue Authorities" shall mean the South African Revenue Service.

"Rules" shall mean these Rules and such alterations as may at any time be applicable.

"Service" shall mean the Continuous Service of an employee with one or more of the Participating Employers including service as a Member of
the Fund prior to 1 May 1994.

“Termination Date” shall mean the date on which the Administrators, acting in terms of the agreed practice of the Fund, calculate the Member’s benefit on the Member’s retirement, death or his leaving Service in terms of Rule 7 or in order to transfer the Member’s benefit from the Fund in any of the circumstances contemplated in these Rules.

“Transfer Value” shall mean any amount transferred to the Fund in respect of a Member prior to the Conversion Date or any portion of an amount so transferred prior to the Conversion Date which was regarded as contributions by the Member under the Previous Rules, together with interest thereon calculated up to the Conversion Date at the rate in terms of the Previous Rules.
3. MEMBERSHIP

3.1 Each person who was a Member of the Fund immediately prior to the date on which these Rules are registered by the Registrar shall remain a Member of the Fund.

3.2 Each employee who enters Service on or after the date on which these Rules are registered by the Registrar must, as a condition of employment, within 30 days of entering Service elect either;

(a) to become a Member of the Fund; or

(b) to become a member of another pension or provident fund which provides benefits for employees of Local Government organizations in Gauteng Province and which is approved by Council.

3.3 If an employee chooses to become a Member of the Fund in accordance with the provisions of Rule 3.2, his membership of the Fund shall commence on the date on which he enters Service; provided that contributions by and in respect of him in terms of Rule 4 are paid for the period between the date on which he entered Service and the date on which he elects to join the Fund.

3.4 If a Member transfers to another Approved Pension Fund or an Approved Provident Fund in any of the circumstances envisaged in these Rules, then it is specifically provided that with effect from the date on which he becomes a member of such fund, contributions in terms of Rule 4 shall cease and in the event of his death or disablement, prior to transfer of his benefit in terms
of these Rules from the Fund to such other fund that part of the risk death and disability benefits in Rule 6 which is insured with a Registered Insurer or by the Fund shall not be payable.

3.5 Each Member must produce evidence of age acceptable to the Committee and must also give such other information as the Committee may reasonably require for the purposes of the Fund. In the case of a Member who was a Member of a Previous Fund, the Committee may accept the Member’s age as stated in the records of that Fund.

3.6 Unless otherwise provided for in the Rules, a Member shall not be permitted to withdraw from membership while he remains in Service.

3.7 A Member who has left Service for any reason and has received all the benefits which may be due to him in terms of these Rules shall cease to be a Member.

3.8 If a Member leaves Service and returns to Service and again becomes an eligible employee within twelve months thereafter, any amounts paid to him by the Fund must be refunded in full by him to the Fund together with interest at a rate determined by the Committee in consultation with the Actuary, provided that he may repay such an refundable amount to the Fund over such a period and at such a financing rate as the Committee may determine, and he shall become a Member again as from the day of the month coincident with his becoming an employee, and his Fund Credit shall be reinstated with the amount actually refunded by him in terms hereof.
4. CONTRIBUTIONS AND ACCOUNTING STRUCTURE

4.1 Contributions by the Member

4.1.1 Each Member shall contribute to the Fund in accordance with the following:

<table>
<thead>
<tr>
<th>Age in years on previous birthday at commencement of Service</th>
<th>Percentage of monthly Pensionable Emoluments if he was an employee on 31.7.1975</th>
<th>Percentage of monthly Pensionable Emoluments if he was not an employee on 31.7.1975</th>
</tr>
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<tbody>
<tr>
<td>Till age 24</td>
<td>7,3</td>
<td>8,3</td>
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<tr>
<td>25 till 28</td>
<td>7,8</td>
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<td>29 till 31</td>
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<td>32 till 35</td>
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<td>36 till 39</td>
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<td>40 till 42</td>
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<tr>
<td>43 till 46</td>
<td>10,3</td>
<td>10,3</td>
</tr>
<tr>
<td>47 and older</td>
<td>10,8</td>
<td>10,8</td>
</tr>
</tbody>
</table>

plus a further contribution equal to 1,5833% of the Member’s Pensionable Emoluments.

or

(b) at the rate of 7.5% of the Member’s Pensionable Emoluments;

On such dates as the Committee shall determine from
time to time and subject to such conditions as they may specify, the Committee may permit Members to elect to switch between the two contribution rates set out above; provided that:

(i) if a Member does not elect to switch to a different contribution rate, his previous contribution rate shall continue to apply; and

(ii) each Member who enters Service must notify the Committee in writing of which contribution rate set out above shall apply in his case and if such Member fails to notify the Committee in writing of his election, the contribution rate set out in (a) above shall apply.

4.1.2 A Member may make additional contributions to the Fund, in order to secure greater benefits on an annual or monthly basis. The payment of additional contributions to the Fund shall be subject to the limitations and requirements of the Income Tax Act, 1962. Such additional contributions shall be allocated to the Member’s Fund Credit.

4.1.3 Should a Member suffer a reduction in his Pensionable Emoluments, other than due to his employment status changing from full-time to part-time, he may elect to continue to contribute on the basis of his Pensionable Emoluments immediately prior to such reduction, provided that the Principal Officer receive written notice to this effect within one month of the date on which the Member is notified of the reduction in his Pensionable Emoluments. In this event such Pensionable
Emoluments shall be regarded as the Member’s Pensionable Emoluments for the purposes of the Rules.

4.2 Contributions by the Employer

4.2.1 The Employer shall contribute one twelfth of 20% of each Member’s Pensionable Emoluments towards the provisions of retirement benefits for each Member in its Service.

4.2.2 The Employer shall also contribute:

(a) 5.5833% of one-twelfth of each Member’s Pensionable Emoluments to cover the cost of the death benefits described in Rule 6.1 and the disability benefits described in Rule 6.2 as applicable;

(b) 1.2% of one-twelfth of each Member’s Pensionable Emoluments to cover the cost of Bonus Service.

4.2.3 An Employer, after consultation with the Actuary, may make additional contributions to the Fund in order to:

(a) increase the balance in the Risk Reserve Account; and

(b) secure greater benefits for Members in accordance with such conditions and procedures as the Committee may require from time to time.
The payment of such additional contributions to the Fund shall be subject to the limitations and requirements of the Income Tax Act, 1962.

4.3 Payment of Contributions

4.3.1 Contributions shall be paid to the Fund monthly, in arrears.

4.3.2 The Employer shall deduct the Member's current contributions from the Member's remuneration at the end of each pay-period. The first deduction shall be that at the end of the pay-period during which the Member became a Member in terms of the Rules. These contributions and the Employer's contributions in terms of Rule 4.2 shall be paid over to the Fund within seven days of the end of the calendar month to which such contributions relate, subject to the provisions of Section 13A of the Act.

4.3.3 If contributions are not paid to the Fund as required in terms of the Act, the Employer shall be required to pay late payment interest at the rate prescribed by legislation. Any such interest shall constitute investment income for the Fund.

4.4 Accounting Structure

The following accounts shall be maintained under the Fund
4.4.1 Bonus Service Reserve Account

4.4.1.1 The Bonus Service Reserve Account shall be credited with amounts determined by the Actuary from time to time, taking into account the financial position of the Fund as disclosed by the most recent valuation and having regard to the Fund’s liability to enhance Members’ Fund Credits with amounts payable in respect of Bonus Service.

4.4.1.2 The amount standing to the credit of the Bonus Service Reserve Account shall be increased or decreased by the Investment Return on the assets in this account.

4.4.1.3 The Bonus Service Reserve Account shall be debited from time to time by transfers to the Fund Credits of certain Members for the purpose referred to in Rule 4.4.1.1.

4.4.2 Risk Reserve Account

4.4.2.1 The Risk Reserve Account shall be credited with:

(a) amounts determined by the Actuary from time to time, taking into account the financial position
of the Fund as disclosed by the most recent valuation and having regard to the Fund’s liability to pay risk benefits in terms of Rule 6.1 and Rule 6.2;

(b) contributions by the Employer in terms of Rule 4.2.2 (a) and Rule 4.2.3 (a);

(c) the value of the Member’s Fund Credit, transferred on the death of a Member while in Service.

4.4.2.2 The amount standing to the credit of the Risk Reserve Account shall be increased or decreased by the Investment Return on the assets in this account.

4.4.2.3 Assets in the Risk Reserve shall be used:

(a) to pay that part of the benefits payable on death or disability that is not reinsured with a Registered Insurer;

(b) to meet expenses related to management and administration of the Fund, including legal fees.

4.4.3 Solvency Reserve Account

4.4.3.1 The Solvency Reserve Account shall be credited with amounts as determined by the Committee from time to time, on the
recommendation of the Actuary.

4.4.3.2 The Solvency Reserve Account shall be increased or decreased by the Investment Return earned on the assets attributable to the Solvency Reserve Account.

4.4.3.3 The Solvency Reserve Account shall be used if required, to stabilise the funding level to a level considered prudent by the Actuary having regard to the Fund’s liability to pay disability Pensions and to enhance Fund Credits with amounts in respect of Bonus Service.

4.4.4 Pensions Account

4.4.4.1 The Pensions Account shall be credited with the market value of the amount required to meet the liability of the Fund in respect of Pensions in payment from the Fund and Pensions that have been purchased from a Registered Insurer in the name of the Fund as at the date of the last valuation in terms of Rule 14.6, as recommended by the Actuary,

4.4.4.2 The Pensions Account shall be increased or decreased by the Investment Return earned on the portfolio in which the assets in this account are invested.

4.4.4.3 The Pensions Account shall be debited with
Pensions and other benefits payable to Pensioners in terms of these Rules.

4.4.5 **Fund Credit Account**

4.4.5.1 The Fund Credit Account shall be credited with:

(a) in relation to each Member who was a Member of the Fund immediately prior to the Conversion Date, an opening balance comprising the Member’s actuarial liability in the Fund immediately prior to the Conversion Date, excluding any Transfer Value, as determined by the Actuary after taking into account the benefit structure and the method of operation of the Fund that existed prior to that date;

(b) the contributions received by the Fund in terms of Rule 4.1.1;

(c) the accumulated value of the contributions made by the Employer towards the Member’s retirement benefit in terms of Rule 4.2.1;

(d) any additional contributions by the Member in terms of Rule 4.1.2 and by the Employer in terms of Rule 4.2.3;

(e) any amounts transferred to the Fund in terms of Rule 10.1;
(f) transfers from the Bonus Service Account in respect of Bonus Service in terms of Rule 4.4.1.3;

(g) the Transfer Value, if applicable.

4.4.5.2 The Fund Credit Account shall be increased or decreased by the Investment Return earned on the portfolio in which the assets in this account are invested until the Termination Date.

4.4.5.3 The Fund Credit Account shall be debited with:

(a) commutation values paid to the Member in terms of Rule 5.3.1;

(b) transfers to the Registered Insurer of the balance of the Member’s Fund Credit, after payment of any commutation, on retirement in terms of Rules 5.2 and Rule 6.2.3 after the Effective Date;

(c) withdrawal payments in terms of Rule 7;

(d) any amount deducted in terms of Rule 12.4, including any costs incurred by the Fund in giving effect to the provisions of that Rule.
4.4.6 **Employer Surplus Account**

4.4.6.1 The Employer Surplus Account shall be credited with any amounts allocated in terms of Section 15C (1) of the Act.

4.4.6.2 The amount standing to the credit of the Employer Surplus Account shall be increased or decreased by the Investment Return earned by the assets within this account.

4.4.6.3 The amount standing to the credit of the Employer Surplus Account may be used in the manner and for any of the purposes set out in the Act.

4.4.7 **Member Surplus Account**

4.4.7.1 The Member Surplus Account shall be credited with any amounts allocated in terms of Section 15C (1) of the Act.

4.4.7.2 The amount standing to the credit of the Member Surplus Account shall be increased or decreased by the Investment Return earned by the assets within this account.
4.4.7.3 The amount standing to the credit of the Member Surplus Account may be used in the manner and for any of the purposes set out in the Act.

4.4.8 Processing Error Reserve Account

4.4.8.1 The Fund may maintain a Processing Error Reserve to introduce a measure of protection of the Fund’s financial position against mismatches that occur between the actual investment or disinvestment of moneys and when they are deemed to have occurred in the calculation of benefits, as well as any other miscellaneous mismatches that may occur.

4.4.8.2 The level of the Processing Error Reserve shall be determined by the Committee on the advice of the Actuary at each statutory valuation date, or more frequently if required by the Committee, and shall not exceed the level of available assets after taking into account the liabilities of the Fund in terms of these Rules.

4.4.8.3 Assets in the Processing Error Reserve may, after consulting the Actuary, be paid to Members leaving in the Fund in any of the circumstances contemplated in these Rules.
5. RETIREMENT BENEFITS

5.1 Amount of Pension

The Pension payable to a Member on his retirement shall be of such amount as can be purchased by his Fund Credit after the exercise of any option in terms of Rule 5.3. The Pension shall be purchased from a Registered Insurer in accordance with Rule 9.1.1.

5.2 Retirement

5.2.1 A Member who has reached age 55 years may retire on the last day of any month occurring before he reaches his Normal Retirement Date.

5.2.2 A Member who has not retired in terms of Rule 5.2.1 must retire on reaching his Normal Retirement Date.

5.2.3 The Committee, upon receipt of notification from the Employer that a Member who does not qualify for a benefit in terms of Rule 6.2, has become totally and permanently incapable of efficiently carrying out his duties, shall agree to such Member’s retirement at any time before he reaches Normal Retirement Date.

5.3 Commutation

5.3.1 A retiring Member may at the time of retirement commute for a cash payment up to one-third of his Fund Credit (or up to the whole thereof if allowed by income tax legislation), payable on the first day of the month immediately following the Member’s retirement from Service.
5.3.2 A person in receipt of a Pension in terms of Annexure A or whose Pension was purchased from a Registered Insurer in terms of Rule 9.2, may elect to commute the total value of the Pension being paid to him from the Fund or by the Registered Insurer for a lump sum; provided that:

(a) the value of the Pension in payment to him from the Fund or by the Registered Insurer as at the date of commutation does not exceed such limit as may be decided on by the Revenue Authorities from time to time; and

(b) the Committee has proof to its satisfaction that such person did not commute any part of his Pension at retirement, in terms of the Rules as they applied at that date.

5.3.3 Notwithstanding the provisions of Rule 5.3.2 (b), the Committee may permit any person whose Pension in payment to him from the Fund or by the Registered Insurer as at the date of commutation does not exceed the total value of R50 000 or such amount as may be specified by the Revenue Authorities from time to time, to commute his Pension for a lump sum, irrespective of whether they have satisfactory proof that such person did not commute any part of his Pension at retirement in terms of the Rules as they applied at that date.
6. DEATH AND DISABILITY BENEFITS

6.1 Death Benefits

6.1.1 Benefit on Death in Service

On the death of a Member while in Service there shall be payable that part of the amounts set out in (a) (b) and (c) below that is in excess of any amount referred to in Rule 18.9:

(a) a lump sum equal to twice the Member’s Pensionable Emoluments plus an additional one times Pensionable Emoluments for every six years’ Service after twelve 12 years’ Service and, if neither a Qualifying Spouse’s Pension nor a Qualifying Child’s Pension is payable after the death of a Member in terms of (b) or (c) below, his Fund Credit shall also be payable;

(b) a Pension to his Qualifying Spouse equal to 50% of the Member’s Pensionable Emoluments immediately before his death, provided that the Committee manage to locate the Qualifying Spouse within twelve months of the Member’s death;

(c) a Pension in respect of Qualifying Children of the Member equal in total to a percentage of the Member’s Pensionable Emoluments immediately before this death, in accordance with the following table:
<table>
<thead>
<tr>
<th>Number of children</th>
<th>Percentage of Member's Pensionable Emoluments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>15%</td>
</tr>
<tr>
<td>2</td>
<td>20%</td>
</tr>
<tr>
<td>3 or more</td>
<td>25%</td>
</tr>
</tbody>
</table>

Subject to proviso (b) in the definition Qualifying Spouse, the Pension payable in respect of Qualifying Children of a Member shall be doubled for any month for which no Pension is payable to a Qualifying Spouse of the Member in terms of (b) above;

(d) Pensions payable to the Qualifying Spouse and Qualifying Children shall be purchased from a Registered Insurer in terms of Rule 9.1.2;

(e) It is specifically provided that if the cost of purchasing the Pensions payable to a Qualifying Spouse and/or Qualifying Children in terms of Rule 6.1.1 (b) and Rule 6.1.1 (c) above is less than the value of the Member's Fund Credit at the date of death, the balance shall become payable as a lump sum.
6.1.2 Restrictions

6.1.2.1 The Committee may reinsure the benefit or part of the benefit payable in terms of Rule 6.1.1 with a Registered Insurer. In such case, the Committee shall, where so required by the Registered Insurer, require a Member to be examined at the Registered Insurer's expense by a medical practitioner appointed by the Registered Insurer.

6.1.2.2 Acting on the results of this examination, the Registered Insurer may decide that any part of the benefit payable in terms of Rule 6.1.1 that has been reinsured shall be restricted in such manner as decided by the Registered Insurer.

6.1.2.3 The Committee must inform the Member in writing of the terms of any restriction imposed in terms of this Rule.

6.1.2.4 If any part of the benefit payable in terms of Rule 6.1.1 has been insured with a Registered Insurer, such benefit shall not become payable unless the claim has been admitted by the Registered Insurer, or shall be limited to the amount paid by the Registered Insurer.
6.1.3 Death After Retirement

On the death of a Pensioner who became a Pensioner after 1 May 1994 and who elected in terms of the provisions of these Rules as they applied immediately prior to the date on which these Rules are registered by the Registrar that his Pension be purchased from a Registered Insurer determined by the Committee in the name of the Fund, the following provisions shall apply:

(a) his Pension shall cease as provided for in Rule 9.2(b), provided that if the Pension has been paid for a period of less than the 60 months as from the date of retirement, payment of the Pension shall continue to be paid to the Qualifying Spouse until 60 monthly instalments have been paid;

(b) there shall also be payable:

(i) a Pension to his Qualifying Spouse, commencing not earlier than 60 months after the Member’s actual date of retirement from Service, equal to 75% of the Pension that the Pensioner was receiving at the date of his death;
(ii) a Pension to a Qualifying Child of the Pensioner equal in total to a percentage of the Pensioner's Pension immediately before his death, in accordance with the following table:

<table>
<thead>
<tr>
<th>Number of children</th>
<th>Percentage of Pensioners’ Pension</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>15%</td>
</tr>
<tr>
<td>2</td>
<td>20%</td>
</tr>
<tr>
<td>3 or more</td>
<td>25%</td>
</tr>
</tbody>
</table>

Subject to Rule 6.1.5 (b), the Pension payable in respect of Qualifying Children of a Pensioner shall be doubled for any month for which no Pension is payable to a Qualifying Spouse of the Pensioner in terms of (b) (i) above.

(iii) a designated Dependant’s Pension if the Member had elected such option in terms of the Rules as they applied immediately prior to the date on which these Rules are registered by the Registrar;
(c) after the last payment of a Qualifying Spouse’s Pension and a Qualifying Child’s has been made, the Committee shall deduct the total amount paid to the Pensioner, his Qualifying Spouse and Qualifying Child, including any amount which may have been commuted for cash, from the amount of the Member’s Share at the date of actual retirement. Should there be any positive difference, such positive difference shall be paid to the Pensioner’s Dependents and/or nominees and/or his estate.

6.1.4 Payment of Benefit

Payment of a death benefit which is not expressed as being payable to a particular person shall be made in terms of Section 37C of the Act.

6.1.5 Commutation of Pension payable to a Qualifying Spouse or Qualifying Child

On the death of a Member or Pensioner, his Qualifying Spouse may commute for a cash payment to the Qualifying Spouse up to one-third of the Pension payable to the Qualifying Spouse (or up to the whole thereof if allowed by income tax legislation); provided that such commutation takes place within six months of the Member’s death and before the first instalment of the spouse’s Pension is paid. The amount of the Pension payable to the Qualifying Spouse shall thereafter be reduced by such proportion of the total Pension as is commuted for a cash payment and the amount of the cash
payment shall be determined by the Actuary.
In the event of such commutation:

(a) any pension payable in respect of Qualifying Children of the Member during the lifetime of the Qualifying Spouse will not be effected;

(b) the Pension payable in respect of Qualifying Children of the Member after the death of the Qualifying Spouse will not be doubled but will be adjusted as determined by the Actuary.

6.2 Disability

6.2.1 Subject to Rule 6.2.4 and Rule 6.2.5, if at any time prior to retirement a Member becomes totally and permanently disabled as a result of accident, disease or illness, to the extent that he can no longer pursue his own or a similar occupation in the service of the Council for which he would otherwise be qualified by his training and experience, the Member shall retire and shall receive a Pension equal to 75% of his Pensionable Emoluments until he reaches the age of 65. In such case, the Member shall continue to contribute in terms of Rule 4.1 and the Fund shall continue to contribute in respect of him in terms of Rule 4.2 until the Member reaches age 65;

provided that:

(a) the Fund shall not contribute in terms of
Rule 4.2.2 (b), and

(b) such contributions shall be based on the Member’s reduced Pensionable Emoluments.

6.2.2 Upon reaching the age of 65, the Member shall retire in terms of Rule 5.1 and his benefits shall be as provided for in that rule.

6.2.3 A Member may commute for a cash payment up to one-third of his Pension (or up to the whole thereof if allowed by income tax legislation) at the time of his retirement in terms of 6.2.2 above.

6.2.4 The Committee shall call for and obtain such medical evidence as they may require to determine the nature, cause and extent of the Member’s disablement. The Committee shall be bound to consult with the Employer, but, for the purposes of this Rule, the Committee or the Registered Insurer where applicable shall be the sole or joint arbiter as to whether the Member is disabled for the purposes of this Rule.

6.2.5 If any part of the benefit payable in terms of this Rule has been reinsured with a Registered Insurer, such benefit shall be subject to any restrictions which may have been imposed in terms of Rule 6.1.2 on the benefit applicable in terms of Rule 6.1.1 and to such exclusions and further restrictions (if any) as may apply
in terms of the policy issued by the Registered Insurer.

6.3 Suspension or Cancellation of death and disability cover

Notwithstanding any other provision in this Rule 6, if any part of the death and ill-health benefits in Rule 6 is insured with a Registered Insurer and the cover provided in terms of the policy issued by the Registered Insurer is suspended or cancelled for reasons beyond the control of the Committee then that part of the death and ill-health benefits in Rule 6 which was so insured shall not be payable by the Fund.
7. TERMINATION OF SERVICE

7.1 Benefit

7.1.1 If a Member leaves Service prior to his Normal Retirement Date, is not entitled to benefits under any other Rule and is not leaving Service for the reason provided for in Rule 7.1.2, he shall become entitled to a benefit equal to his Fund Credit.

7.1.2 If a Member leaves Service as the result of his having been declared redundant or having been retrenched, then he shall become entitled to a benefit equal to:

(a) his Fund Credit; plus

(b) an additional amount to be paid by his Employer, which is equal to the lesser of

(i) the value as calculated by the Actuary of the difference between the Member's Normal Retirement Date and his age on his next birthday, multiplied by 8%, multiplied by his Fund Credit; and

(ii) 100% of his Fund Credit.

7.1.3 If an Employer's operation (or part thereof) is
dissolved as a result of privatisation, and the Member’s services with the Employer are terminated, each Member shall cease to be a Member of the Fund at the date of such privatisation, and a benefit equal to his Fund Credit shall be paid to him on withdrawal.

7.2 Payment of Benefit

7.2.1 Subject to the provisions of Rule 7.2.2, the benefit in terms of Rule 7.1 shall be paid to the Member as a lump sum. Subject to the provisions of Rule 12.2, the Member shall be paid the applicable benefit as soon as possible but not later than two months after the date on which he left the Service, provided that no interest shall be payable on the benefit from the date on which the Member left Service until the date on which he exercises an option provided for in Rule 7.2.2. Interest thereafter shall be payable at the applicable call account interest rate of the Fund; provided further that, in special circumstances, the Committee may agree to pay interest during the period before the Member exercises his option.

7.2.2 Instead of receiving the benefit entirely as a lump sum, the Member may elect either:

(a) to become a Deferred Pensioner and for the whole or part of his benefit to be retained in the Fund in accordance with the provisions of Rule 7.3 below:
or

(b) to transfer all or, subject to (ii) below, part of the benefit to another Approved Pension Fund, Pension Preservation Fund, Approved Provident Fund or Approved Retirement Annuity Fund; provided that

(i) in the case of transfer to an Approved Provident Fund, the amount so transferred shall be less any tax payable thereon; and

(ii) transfer to a Pension Preservation Fund is subject to the requirements of the Revenue Authorities as specified from time to time.

7.3 Deferred Pensioners

The following provisions shall apply to Members who become Deferred Pensioners in terms of Rule 7.2.2 (a):

(a) the value of the Member’s entitlement at the date of leaving Service, less any amount thereof that is paid to him in cash, shall form the opening balance of his Fund Credit at the date of withdrawal from Service;

(b) contributions by or on behalf of the Deferred Pensioner shall cease on or after the date of his withdrawal from Service and the Deferred Pensioner shall not be entitled to benefits other than those provided for under this Rule 7.3;

(c) the benefit payable in terms of Rule 7.3 (a) shall be
increased or decreased by the Investment Return until it becomes payable in terms of Rule 7.3 (d) below:

(d) the benefit preserved in the Fund in respect of a Deferred Pensioner shall become payable in the circumstances set out below:

(i) upon the Deferred Pensioner's attainment of a retirement age in terms of Rule 5, he shall receive a Pension, which shall be purchased from a Registered Insurer in terms of Rule 9.1.1 and the provisions of Rule 5.3.1 regarding commutation of his Pension shall apply *mutatis mutandis*;

(ii) on the death of a Deferred Pensioner before the Pension in terms of (i) above becomes payable, the benefit retained in the Fund shall be payable to his beneficiaries in terms of Section 37C of the Act;

(iii) if the Deferred Pensioner so elects, he may transfer the benefit retained in the Fund to an Approved Retirement Annuity Fund at any time between the date of his withdrawal from the Fund in terms of this Rule 7 and the date on which the benefit becomes payable due to his retirement or his death prior to retirement as contemplated in (i) or (ii) above. On finalisation of such transfer, the Fund will have no further liability towards the Deferred Pensioner.
8. TEMPORARY ABSENCE

8.1 Temporary Absence with Full Remuneration

Membership of the Fund and the benefits and contributions payable shall not be affected by a Member's absence from Service while he is in receipt of his full normal remuneration from the Employer.

8.2 Approved Temporary Absence with less than Full Remuneration

8.2.1 When a Member is granted leave of absence with less than full normal remuneration, his Fund Credit shall be credited with any contributions actually paid by the Member and/or the Employer during such period of absence.

8.2.2 The Member will continue to be covered for the death and disability benefits in terms of Rules 6 for up to one year during such absence; provided that where such absence is due to illness or an accident, such cover will remain in force for up to two years during such absence. Any benefit which may become payable during such period of absence will be based on the Member's Pensionable Emoluments immediately prior to the commencement of such absence, or such lesser amount as the Committee may decide.
After expiry of the one or two year period, as the case may be, such cover will terminate unless the Member has returned to active Service or unless the Committee, at the request of the Employer, have agreed to extend such period.
9. PAYMENT OF PENSIONS

9.1 Purchase of Pensions from a Registered Insurer

9.1.1 Notwithstanding anything to the contrary in these Rules, each Member who retires in terms of Rule 5 Rule 6.2.2 and Rule 7.3(d)(i) shall be required to purchase a Pension as an annuity or annuities in his own name from a Registered Insurer of his own choice. The following shall apply:

(a) the terms and conditions applicable to such annuity or annuities, and the determination of any benefits arising on the death of such person shall be agreed between the Registered Insurer and the Member and shall be set out in writing by the Registered Insurer;

(b) the annuity or annuities so purchased shall be of such amount as can be purchased by his Fund Credit, less any amount commuted in terms of Rule 5.3; Rule 6.2.3 or Rule 7.3 (d) (i);

(c) the annuity or annuities so purchased shall be subject to the provisions of the Income Tax Act, 1962, the Long-term Insurance Act, 1998 and any requirements specified by the Revenue Authorities from time to time; and

(d) on purchase of an annuity or annuities in
terms of this Rule, the Member’s membership of the Fund shall cease and the Fund shall have no further liability in respect of the retiring Member or Deferred Pensioner, if applicable, in respect of the amount that was transferred, such liability resting with the Registered Insurer from whom the annuity or annuities are purchased.

9.1.2 Notwithstanding anything to the contrary in these Rules, the Fund shall purchase a Pension as an annuity or annuities in the name of each Qualifying Spouse and Qualifying Child who becomes entitled to receive a Pension in terms of Rule 6.1.1 or Rule 6.1.3 from a Registered Insurer approved by the Committee; provided that:

(a) the terms and conditions applicable to such annuity or annuities for a Qualifying Spouse, Qualifying Child, or guardian, where applicable and the determination of any benefits arising on the death of such person shall be agreed between the Committee and the Registered Insurer;

(b) the annuity of annuities so purchased shall be of such amount as is determined in terms of Rule 6.1.1 (b), Rule 6.1.1 (c) or Rule 6.1.3 (b), less any amount commuted in terms of Rule 6.1.5;

(c) the annuity or annuities so purchased shall
be subject to the provisions of the Income Tax Act, 1962, the Long-term Insurance Act, 1998 and any requirements specified by the Revenue Authorities from time to time; and

(d) on purchase of an annuity or annuities in terms of this Rule, the Fund shall have no further liability in respect of the Qualifying Spouse, Qualifying Child, or guardian where applicable, in respect of the amount that was transferred, such liability resting with the Registered Insurer from whom the annuity or annuities are purchased.

9.1.3 It is recorded that, notwithstanding anything to the contrary in these Rules, on the Effective Date each Pension payable in terms of these Rules was purchased from a Registered Insurer as an annuity or annuities approved by the Committee. Accordingly, each Pensioner, Qualifying Spouse and Qualifying Child who was in receipt of a Pension from the Fund on the Effective Date was required to elect either

(a) that his Pension be purchased as an annuity or annuities approved by the Committee in his own name chosen from Registered Insurers approved by the Committee; or

(b) that his Pension be purchased from a Registered Insurer determined by the Committee in the name of the Fund. In such case, the Fund retained the liability for the
continued payment of the Pension and the terms and conditions of Rule 9.2 apply.

9.1.4 If the Pensioner, Qualifying Spouse or Qualifying Child elected the option in Rule 9.1.3 (a), the following applied with effect from the Pension Outsource Date:

(a) the terms and conditions applicable to such annuity or annuities, including options elected by the Pensioner, Qualifying Spouse or Qualifying Child or guardian, where applicable, and the determination of any benefits arising on his death, were determined by the Committee or, in cases where an alternate annuity or annuities were purchased, by the Pensioner, Qualifying Spouse or Qualifying Child or guardian as applicable, and were set out in writing by the Registered Insurer;

(b) the Fund transferred to the Registered Insurer, in respect of each such person, an amount equal to the actuarial reserve of the Pension provided by the Fund increased by an equitable portion of the Pensions Account at that point in time, as calculated by the Actuary, such calculation being based on the general assumptions as set out in the latest statutory valuation of the Fund, but taking into account the actual factors applicable to the Pensioner,
Qualifying Child or Qualifying Spouse at the date of purchase including, in particular, any contingent liability with regard to payment of a Pension on the death of such person, but less any amount commuted in terms of the Rules which applied at the commencement of the Pension, to provide a Pension not less than the Pension payable to the Pensioner at that point in time; provided that where the Committee so decided, such person was given an option to elect to purchase an alternative annuity or annuities;

(c) the annuity or annuities so purchased are subject to the provisions of the Income Tax Act, 1962, the Long-term Insurance Act, 1998 and any requirements specified by the Revenue Authorities from time to time;

(d) each Pensioner, Qualifying Spouse and Qualifying Child, or guardian, where applicable, appointed the Committee as his duly authorized agent to do all things necessary to procure the purchase of such annuity or annuities.

It is recorded that on finalisation of the purchase of an annuity or annuities in terms of this Rule, the Fund had no further liability in respect of the Pensioner, Qualifying Spouse or Qualifying Child in respect of
the amount transferred, such liability resting with the Registered Insurer from whom the annuity or annuities were purchased.

9.2 Provisions Applicable to Pensions Purchased from a Registered Insurer in the name of the Fund.

The following provisions are the terms and conditions applicable to payment of Pensions in terms of the Rules as they applied prior to the Effective Date and apply only to Pensioners who elected the option provided for in Rule 9.1.3 (b):

(a) Pensions are payable monthly in arrear, the proportionate amount being derived from the annual Pension calculated in terms of these Rules;

(b) in the case of a Pensioner, the first payment was due at the end of the calendar month following the month in which he retired and the last payment shall be due at the end of the day on which the Pensioner dies;

(c) in the case of a Qualifying Spouse, Qualifying Child or designated Dependant, the first payment was due at the end of the calendar month following the month in which the Pensioner died and the last payment shall be due at the end of the day on which the Qualifying Spouse or designated Dependant dies, or the Qualifying Child ceases to qualify as such;

(d) Whenever a Pension commences, is changed or terminates, payments due at the end of the month concerned will be made based on the circumstances
applying on such date;

(e) the Committee shall be entitled to request proof to their satisfaction as to the identity and right of any person entitled to payment of a Pension before payment of any benefit is made to such Beneficiary;

(f) on the death of a Pensioner, benefits determined in accordance with the provisions of Rule 6.1.3 are payable.
10. TRANSFERS

10.1 Transfers into the Fund

10.1.1 If a Member or a group of Members transfers to the Fund from a Previous Fund, the Fund shall receive from the Previous Fund the amount payable to the Fund in respect of each such Member. Such amount shall be applied under the Member’s Fund Credit.

10.1.2 If a Member who was a member of an Approved Pension Fund, any other Approved Provident Fund, a Provident Preservation Fund or a Pension Preservation Fund prior to becoming a Member of the Fund chooses to transfer the benefit to which he is entitled on leaving that fund into the Fund, the amount so transferred shall be applied under the Member’s Fund Credit.

10.2 Transfers out of the Fund

10.2.1 Subject to the approval of the Committee and a majority of two thirds of the Members who respond in writing to a request to vote on the matter, if an Employer proposes to restructure his retirement benefit arrangements for his employees, or certain of his employees and in consequence Members become members of another Approved Pension Fund or an Approved Provident Fund, the Fund Credit of each Member in the Service of that Employer who is eligible for membership of such fund on a date determined by the Committee shall be transferred to such Approved Pension Fund or Approved Provident Fund; provided that if such fund is an Approved Provident Fund the following shall apply:
(a) each such Member may elect that the Committee shall transfer an amount equal to his own contributions to the Fund, increased or decreased by the Investment Return on such contributions to an Approved Retirement Annuity Fund or, after payment of any tax thereon, to the Approved Provident Fund; and

(b) the Committee shall also transfer the balance of the Member’s Fund Credit to such Approved Provident Fund.

The Employer shall cease to participate in the Fund on finalisation of the transfer.

10.2.2. If an Employer’s operation is transferred to or amalgamated with that of any other organisation, such other organisation shall continue contributions to the Fund in respect of the existing Members at the time of such transfer or amalgamation, subject to any conditions imposed by the Committee after consultation with the Actuary; in which case the Fund shall not be affected except that “Employer” shall include such new organisation, and the provisions of the Rules shall thereafter apply to all Employees of the new Employer who were Members of the Fund at the time of such transfer or amalgamation.
11. TERMINATION AND PARTIAL TERMINATION OF THE FUND

11.1 Termination of the Fund

11.1.1 Subject to the approval of the Council and a two thirds majority of Members who respond in writing to vote on the matter, the Fund may be dissolved by the Committee. In such case, the Committee shall appoint a liquidator who shall liquidate the Fund with effect from the date of his approval by the Registrar.

The liquidator shall either:

(a) allocate the balance in the Pensions Account to the Pensioners on a basis determined by the Actuary, and use each Pensioner’s allocation to purchase a Pension from a Registered Insurer or from an Approved Retirement Annuity Fund. The conditions determined in respect of such pension shall be as similar to the Pensioner’s Pension as is reasonably possible. The balance of the assets of the Fund shall be divided by the liquidator in an equitable manner, as recommended by the Actuary, amongst the Members then participating in the Fund, Pensioners and Deferred Pensioners, and each Member’s, Pensioner’s and Deferred Pensioner’s share of the Fund shall be invested in an Approved Retirement Annuity Fund of the person’s choice in his name; or
Alternatively, the liquidator may determine another method of disposing of the assets of the Fund for the benefit of the Members, Pensioners and Deferred Pensioners.

11.1.2 Alternatively, the Fund may also be dissolved if one of more of the Employers should for any reason cease to operate; provided that if the Employers cease to operate for the purposes of reconstruction or amalgamation, such reconstructed or amalgamated organisation shall have the right to replace the Employers in the Fund, in which event the Fund shall not otherwise be affected.

11.1.3 If the Fund is dissolved in terms of Rule 11.1.2, the following shall apply:

(a) the Committee shall appoint a liquidator, who must liquidate the Fund with effect from the date of the Registrar's approval of his appointment;

(b) the liquidator shall decide in what manner the assets of the Fund shall be realised and, after consultation with the Actuary, in what manner the obligations of the Fund, including obligations and contingent obligations in respect of Members, Pensioners and Deferred Pensioners, shall be met; provided that the Actuary shall take the following into account:
(i) any Pensions and enhancements to Pensions in the course of payment to Pensioners and Qualifying Spouses in terms of the Rules as well as any future Qualifying Spouses’ Pensions which may become payable at a later date due to the death of a Pensioner;

(ii) each Member’s and Deferred Pensioner’s share of the Fund as at the date of dissolution as well as any additional sums transferred to the Fund by or on behalf of a Employer or assets brought into the Fund by a Employer on the date on which he was admitted as such under the Fund; and

(iii) any other obligations and liabilities;

(c) the liquidator shall arrange, where necessary for the purchase of annuities from a Registered Insurer in respect of Pensions referred to in (b) (i) above;

(d) any assets remaining in the Fund after the obligations referred to in (b) above have been met, shall, in his discretion, be divided by the liquidator amongst the Members, Pensioners and Deferred Pensioners in a
just manner; provided that all employees left Service during the immediately preceding twelve months or such shorter period as the liquidator may determine, shall for the purposes of this Rule be regarded as if they were Members on the date of dissolution of the Fund; and provided, further, that the benefits already paid to any such employee before the division of the remaining assets, shall be taken into account in determining the amount payable to such person.

11.1.4 If a person to whom an amount is payable cannot be traced, any such amount shall either:

(i) be transferred to a national fund established by legislation for the purpose of housing such benefits, or to a fund established by an administrator for the same purpose; or

(ii) be paid to the Guardian’s Fund.

11.1.5 When all payments have been made by the Fund in terms of Rule 11.1.1 or Rule 11.1.3, the Fund shall have no further liability to any person and the Fund’s registration in terms of the Act shall be cancelled.

11.1.6 It is specifically provided that the provisions of the Pension Funds Second Amendment Act, Act No.39 of 2001, shall over-ride any conflicting provisions in this Rule 11.1, in particular with regard to payment of minimum benefits and the rights of the stakeholders.
11.2 Partial Termination

11.2.1 Any Employer other than the Main Employer, may, for any reason whatsoever, give notice in writing to the Trustees of its intention to cease its participation as an Employer in the Fund. In such case, unless the circumstances envisaged in Rule 10.2.1 are to apply, the provisions of Rule 11.1.3 shall apply *mutatis mutandis*; provided that, that part of the Fund which is to be liquidated in terms of the Act shall be limited to the total assets and liabilities attributable to the Members related to the withdrawing Employer as determined by the liquidator in consultation with the Actuary.

11.2.2 When all payments have been made by the Fund in terms of Rule 11.1.3 in respect of the withdrawing Employer, the Fund shall have no further liability to any person related to that Employer in respect of whom the Fund held assets and liabilities at the date of partial liquidation.
12. DEDUCTIONS FROM BENEFITS

12.1 The Committee shall have the right to make such deductions from the benefit to which a Member or other beneficiary is entitled in terms of the Rules as are permitted in terms of Section 37D(1)(a), (b) and (c) of the Act and in respect of which a claim has been lodged in writing within such reasonable time of the event giving rise to the benefit as the Committee may from time to time fix for making such claims.

12.2 Notwithstanding any other provisions of these Rules, the Committee may, where an Employer has instituted legal proceedings in a court of law and/or laid a criminal charge 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 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:

(a) the amount withheld shall not exceed the amount that may be deducted in terms of Section 37D(b)(ii) of the Act;

(b) the Committee in their reasonable discretion are satisfied that the Employer has made out a prima facie case against the Member concerned and there is reason to believe that the Employer has a reasonable chance of success in the proceedings that have been instituted;
(c) the Committee are satisfied that the Employer is not at any stage of the proceedings responsible for any undue delay in the prosecution of the proceedings;

(d) once the proceedings have been determined, settled or withdrawn, any benefit to which the Member is entitled is paid forthwith; and

(e) the Committee, 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 at the time of such request to be isolated, in whatever manner the Committee believe appropriate, from the possibility of a decrease therein as a result of poor investment performance.

12.3 If a Member is retiring on Pension, the Committee shall have the right to commute for a lump sum an amount of the Pension up to the maximum amount which may be commuted in terms of Rule 5.3 and to make the deduction from such lump sum.

12.4 Subject to the provisions of the Act, the Committee shall have the right to make such deductions from the Fund Credit of a Member as are permitted in terms of Section 37D(1)(d) (i) of the Act.
13. MANAGEMENT OF THE FUND

13.1 Composition of the Committee

The affairs and business of the Fund shall be controlled, subject to the provisions of the Act, by a Committee of management which shall consist of:

(a) Six Appointed Committee Members;

(b) Eight Elected Committee Members, two of whom shall be Pensioner-representatives elected by the Pensioners.

13.2 Appointment and Election of Committee Members

13.2.1 The Appointed Committee Members shall be Councillors. The term of office of the Appointed Committee Members is four years.

13.2.2 The following provisions shall apply to the election of the Elected Committee Members:

(a) the Elected Committee Members shall be elected at an annual general meeting of the Fund;

(b) With effect from 26 November 2009, the term of office of the board of Elected Committee Members shall be two years; provided that:
(i) the four Elected Committee Members, who received the lowest number of votes at the last election, including the Pensioner-representative who received a lower number of votes than the other Pensioner-representative, shall leave office after one year and elections shall be held to replace them in accordance with the provisions of paragraphs (e), (f), (g), (h), (i) and (j) below.

(ii) the remaining four Elected Committee Members including the other Pensioner-representative shall remain in office for two years, whereupon they shall leave office and elections shall be held to replace them in accordance with the provisions of paragraphs (e), (f), (g), (h), (i) and (j) below;

(iii) thereafter, at the end of each year, half of the Elected Committee Members (including one Pensioner-representative) shall resign from office and new Elected Committee Members shall be elected to replace them in accordance with the provisions of
paragraphs (e), (f), (g), (h), (i) and (j) below;

(c) If at any stage any one of such Elected Committee Members ceases to be a Committee member, such casual vacancy shall be filled by election as arranged by the Principal Officer for this purpose;

(d) If a casual vacancy contemplated in (c) above occurs within the period of two months prior to 30 November of any year, it need not be filled nor need the Principal Officer call for an election as aforesaid, unless the Committee determines otherwise;

(e) Not more than twenty-one days and not less than fourteen days or in the case of an election of the Member who is a Pensioner of the Fund, not more than ninety days and not less than sixty days, before the date on which it is intended to hold a general meeting of Members at which is to be held an election of one or more Committee members, the Principal Officer shall post notices in conspicuous places on the premises of the Council and, in the case of the election of the Member who is a Pensioner, shall mail notices to the Pensioners of the Fund, calling for nominations of candidates for election to
the Committee. Such notice shall specify:

(aa) the number of vacancies on the Committee to be filled; and

(bb) that nominations are to be in writing, signed by the Member or Pensioner making the nomination; and

(cc) that each nomination shall contain a statement that the person nominated is a contributing Member or a Pensioner of the Fund, as the case may be, and is prepared to stand for election and is signed by the person nominated; and

(dd) that all such nominations shall be lodged with the Principal Officer on or before noon of a specified date, which shall be not less than five days after the date on which the notice aforesaid is posted.

(f) A person who is not nominated in accordance with the aforementioned provisions shall not be eligible for election.

(g) The notice in terms of which an election is called for by the Principal Officer shall list
the names of all candidates who have been duly nominated in terms of this section.

(h) If at the time scheduled for the holding of the election of Committee members, any Member who is bound to be on duty in service of the Council and as a result thereof will be unable to vote on the election day and time, then such Member shall be entitled at any time during the office hours during the two days preceding the date of the election to attend at the office of the Principal Officer and to obtain therefrom a ballot paper and to exercise his vote; provided that such Member shall first hand to the Principal Officer a statement signed by the head of his department, certifying that such Member will be on duty at the time of the election; provided further that all Pensioners of the Fund shall be entitled to a postal vote on application to the Principal Officer at least 21 days before the date of the meeting at which it is intended to hold an election of the Committee Member who is a Pensioner.

(i) If the number of candidates is equal to the number of vacancies to be filled, then the persons nominated shall be declared to have been elected and no further election need be held.
(j) If upon the expiration of the period within which nomination of candidates for election must be submitted to the Principal Officer it is found that the number of candidates is smaller than the number of vacancies to be filled, the Principal Officer shall forthwith post copies of a notice stating this fact, giving the names of the persons duly nominated and calling for further nominations. Such notice shall comply with the requirements in paragraph (e) above; Provided that the persons who have been duly nominated pursuant to the first notice in terms of (e) above shall be deemed to have been duly nominated pursuant to the second notice in terms of this paragraph and no fresh nomination shall have to be lodged in respect of them.

13.3 Disqualification and Retirement of Committee Members

A member of the Committee shall cease to hold office if:

(a) he becomes insane or otherwise incapable of acting;

or

(b) his estate is sequestrated, surrendered or assigned for the benefit of his creditors; or

(c) he is suspended by a court on account of misconduct
from any office or trust; or

(d) he is convicted of any offence and sentenced to imprisonment with out the option of a fine; or

(e) he is convicted of theft, forgery or uttering of a forged document, or perjury; or

(f) he resigns his office by notice in writing to the Committee and, in the case of Appointed Committee Members, to the Council; or

(g) his term of office comes to an end and he is not re-appointed or re-elected; or

(h) In the case of an Appointed Committee Member, the Council resolves that he should cease to be a member; or

(i) In the case of an Elected Committee Member, he ceases to be a Member or a Pensioner of the Fund; or

(j) he is in breach of the Code of Conduct adopted by the Committee.

13.4 Chairman of the Committee

The Committee shall elect a Chairman from among its number who shall preside at all meetings, as well as a Vice Chairman, who shall take the place of the Chairman when the latter is absent on leave or otherwise temporarily unable to act, and such Vice-Chairman shall have all the powers and authority of
the Chairman while so acting. If both the Chairman and the Vice-Chairman are absent from any meeting, a Chairman shall be elected for the occasion by the members of the Committee present, provided that the Chairman and Vice-Chairman of the previous fund holding office at the day preceding the Commencement Date shall be deemed to have been duly elected under these Rules.

13.5 Committee Meetings

13.5.1 The Committee shall hold an ordinary meeting for the dispatch of business as often as may be necessary, but at least seven a year calculated from 30 November of each year.

13.5.2 The Committee shall meet to conduct the business of the fund when required by the Chairman, provided that any two members of the Committee may request the Chairman in writing to convene a meeting of the Committee in order to deal with the matters set out in the request and if the Chairman considers the request reasonable, he shall convene such meeting within fourteen days of receiving the request: Provided further that if the request comes from a majority of the Committee members and the Chairman fails to convene a meeting the Committee members, after having notified the Chairman of their intention to do so, may meet in order to consider the matters set out in the request, and if a quorum is present a decision by the majority shall be binding.
13.5.3 At least 4 days notice in writing of a meeting shall be given to each member of the Committee prior to any meeting; provided that any short notice may be condoned by special resolution of the Committee.

Minutes of all meetings must be kept.

13.5.4 Fifty per cent plus one of the Committee members shall constitute a quorum; provided that at least one Committee member present must be an Appointed Committee Member and at least one Committee member present must be an Elected Committee Member. If there is no quorum, the meeting shall be adjourned for one week and at that meeting the quorum shall be those Committee members who are present.

13.5.5 At all meetings the decision of the majority of Committee members shall be binding. In the event that a majority vote cannot be obtained, the matter shall be referred to the following meeting of Committee members. If the votes remain equal at that meeting, the matter shall be referred to a person qualified in the matter under dispute for a recommendation. If the matter cannot be settled based on this recommendation, the matter shall be referred to an arbitrator agreed by a majority of the members of the Committee and the arbitrator's
decision on the matter shall be final.

13.5.6 Provided that there is a sufficient number of Committee members to form a quorum, and subject to the provisions of Rule 13.2.1, the Committee shall
have the power to act notwithstanding any vacancy for the time being in the number of members thereof.

13.5.7 A resolution in writing signed by a majority of 50% of the Committee shall be as effective as if it had been passed at a meeting of the Committee duly convened and held, provided that each Trustee was notified of the resolution at least 15 days prior to the passing of such resolution. Any resolution passed in terms of this Rule shall be voted upon and confirmed at the first meeting of the Committee held after the passing of such resolution.

13.6 Other Appointments

13.6.1 The Committee shall appoint an Actuary, an Auditor and Administrators and may withdraw any such appointment and make another appointment in its place at any time.

13.6.2 The Committee shall appoint a Principal Officer in terms of the Act and may withdraw any such appointment and make another appointment in its place at any time. If the Principal Officer is absent from the Republic of South Africa or is otherwise unable to perform his duties, the Committee shall within 30 days appoint another person to act as Principal Officer for the period of his absence or inability.

13.6.3 The Committee shall inform the Registrar of the name of the Principal Officer and shall determine the scope
of all officers’ duties and their remuneration, if any.

13.7 Indemnification of Officers of the Fund

13.7.1 The Committee and all other officers of the Fund shall be indemnified by the Fund against all proceedings, costs and expenses incurred by reason of any claim in connection with the Fund not arising from their negligence, dishonesty or fraud.

13.7.2 The Committee must ensure that the Fund is insured, as a minimum, against any loss resulting from the dishonesty or fraud of any of its officers.

13.8 Sub-Committees

The Committee may decide that any power of decision on any matter that is vested in them, over and above a matter referred to in Rule 14.1.6, shall be delegated, on such terms and conditions as they may specify, to a sub-committee, or sub-committees, of such of their number as they nominate. The decision of a sub-committee to which a power is so delegated shall be recorded in the minutes at the next meeting of the Committee and shall be regarded as a decision of the Fund unless the Committee stipulate that it must be referred to them for ratification. It is specifically provided that the full board of the Committee shall retain full responsibility for any subcommittee to whom the Committee’ power of decision making has been delegated in terms of this Rule.

13.9 General Meetings of Members and Pensioners
13.9.1 Annual General Meeting:

A meeting of Members and Pensioners shall be held as soon as possible after the close of each financial year, but not later than 30 November at such time and place as the Committee may appoint. The purpose of the annual general meeting shall be to approve accounts, elect members of the Committee and to discuss any other business of the Fund. This meeting shall be called the “Annual General Meeting”.

13.9.2 Extraordinary General Meetings:

(a) All general meetings other than the annual general meeting shall be called “extraordinary general meetings.”

(b) The Committee may, whenever it deems it so fit, convene an extraordinary general meeting and an extraordinary meeting shall also be convened when so required by these rules or when requisitioned in writing by a notice signed by not less than twenty five members. The said notice shall state the purpose and business for which the said members require the extraordinary meeting to be called.

13.9.3 Proceedings at General Meetings:
(a) Written notice of a general meeting shall be given to members and pensioners at least seven days before the date of the meeting in a manner determined by the Principal Officer and by notices posted in conspicuous places in the premises of the Employer stating the date, time, place and business of the meeting. The notice shall be exclusive of the day on which it is posted and the day for which it is given.

(b) The notice referred to in sub-section (a) shall, in the case of an extraordinary general meeting called by members in terms of Rule 13.9.2 state the fact that it is a meeting so called.

(c) Twenty five members shall form a quorum.

(d) If at the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the next day at the same time and place, or if that day be a public holiday, to the next succeeding day and at such adjourned meeting, the members present shall form a quorum.

(e) (i) The chairman of the Committee, should there be such a chairman, shall preside at every general
meeting of the Fund.

(ii) If there is no such chairman, or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting; or if he is unwilling to act as chairman, the members present shall choose some committee member, or if no committee member is present, or in the event of none of the committee members present is prepared to take the chair, they shall choose some other member from among the members present to be chairman of the meeting.

(f) Notwithstanding anything to the contrary no person who is not a member or pensioner of the Fund may attend or be chairman of a general meeting of members and only a member may be the Chairman of such a meeting.

(g) At a general meeting of Members each Member present shall be entitled to one vote, provided that where a matter materially concerning the Previous Rules which does not affect the Fund or contributions payable by either the Council, the Members or the Fund is considered, only the Pensioners who were Members of the Fund prior to the Conversion Date shall be entitled to vote on the matter and each such Pensioner present shall be entitled to
one vote.

(h) At any meeting of Members and Pensioners where applicable, the vote of the majority of Members shall be the decision of the meeting. If there is a tie of votes, the Chairman shall have a casting vote.

(i) Unless otherwise specifically provided in these Rules, a resolution passed at a meeting of members shall be treated as a recommendation to the Committee, which shall deal with it as it may determine.

(j) The Appointed Committee Members and the Elected Committee Members shall have the right to attend any meeting of Members.
14. **FINANCIAL PROVISIONS**

14.1 **Investments**

14.1.1 All moneys received on account of the Fund must be paid into a banking account opened in the name of the Fund.

14.1.2 The Committee shall have full power, subject to the provisions of the Act and the requirements of the Registrar, to receive, administer and apply the moneys of the Fund and in their absolute discretion to invest, put out at interest, place on deposit, make advances, or otherwise deal with the moneys of the Fund upon such security and in such manner as they may from time to time determine and to realise, vary, reinvest or otherwise deal with such securities and other investments as they from time to time determine.

14.1.3 The Committee shall have power to effect policies of insurance with one or more Registered Insurers for the purpose of investing the Fund's moneys in order to meet the cost of providing benefits in terms of these Rules and/or to insure, in whole or in part, the death and disability benefits payable in terms of these Rules.

14.1.4 The Committee may, subject to the requirements of the Registrar, obtain an overdraft from a bank or borrow from an Employer or any other party, on such terms as they think fit, such sums as they approve for the purpose of completing any investment or meeting any temporary cash shortage and for this purpose may give such security as they decide.
14.1.5 All title deeds and securities must be registered in the name of the Fund or in the name of such nominee company acceptable to the Registrar as the Committee may appoint. The documents of title registered in the name of the Fund in connection with any investment or asset of the Fund must be kept in safe custody at the registered office of the Fund or in a banking institution, as decided by the Committee. Any documents of title registered in the name of a nominee company in connection with any investment or asset of the Fund must be kept in safe custody at the registered office of that company or in a banking institution, as decided by that company.

14.1.6 The power of the Committee to make investments and to realise, vary, reinvest or otherwise deal with the securities concerned, may be delegated by the Committee, on such terms and conditions as they may specify, to

(a) a sub-committee of such of their number as they nominate;

(b) a financial institution as defined in the Financial Institutions (Protection of Funds) Act, 2001; or

or

(c) a person licensed in terms of the Securities Services Act, 2004.
The Committee shall not be liable for the negligence, dishonesty or fraud of an institution referred to in (b) or a person referred to in (c); provided that the Committee have received written confirmation that the institution referred to in (b) or the person referred to in (c) have arranged insurance cover of an amount satisfactory to the Committee in respect of any liability which may be incurred by such person or institution in respect of the Fund’s investments.

14.1.7 The Committee shall have the power to transfer the assets and liabilities of the Fund or a portion thereof to another Approved Pension Fund or to an Approved Provident Fund or to take transfer of the assets and liabilities or a portion thereof of another Approved Pension Fund or an Approved Provident Fund.

14.1.8 (a) Notwithstanding the provisions of Rule 14.1.2, the investment powers of the Committee may be delegated by the Committee to each Member of the Fund on such terms and conditions and in accordance with such procedures as the Committee may prescribe from time to time. These terms, conditions and procedures include but are not limited to:

(i) the right of the Committee to determine, and change from time to time, the number, range and composition of any investment portfolios from which such Member may elect to invest all or part of his Fund Credit and/or all of the contributions paid by and in respect of him;
(ii) the right of the Committee, in their sole discretion, to take into account any charges incurred in connection with any investment choice made by a Member when determining the investment earnings in respect of that Member;

(iii) in the case of any Member who does not elect within such timeframe specified by the Committee an investment portfolio in respect of all or part of his Fund Credit and/or all contributions paid by and in respect of him, his Fund Credit and all such contributions shall remain in the investment portfolio or portfolios in which they are held at that time.

(b) The Committee shall take reasonable steps to ensure that Members are adequately informed of their investment choices available to them and the consequences of their decisions. The Committee shall in no way advise, influence or assist Members in making their choices, such advice to be obtained by Members from their personal financial planners.
(c) Whilst the Committee shall take reasonable steps to ensure that the interests of all Members are protected, the Committee 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 result of or in connection with any investment choice made by a Member.

14.2 Council To Guarantee Interest

14.2.1 If the rate of interest earned on the total moneys (including any uninvested moneys) of the Fund during any financial year should be lower than five and one-half per cent the Council shall contribute to the Fund such a sum as would increase, on being added to the interest actually earned, the rate of interest to five and one-half per cent during such financial year.

14.2.2 In addition to such contributions as the Council may make in terms of Rule 14.2.1 the Council may from time to time make such further contributions to the Fund as it deems fit.

14.3 Housing Loans

14.3.1 The Committee shall have the power to grant a loan to a Member for a purpose referred to in Section 19(5)(a) of the Act. Such loan shall be subject to the provisions set out in Section 19(5)(b), (c) and (d) of the Act.
14.3.2 The Committee shall also have the power to furnish a guarantee in favour of a person other than the Fund in respect of a loan granted by such other person to a Member for a purpose referred to in Section 19(5)(a) of the Act. Such guarantee shall be subject to the provisions set out in Section 19(5)(b), (c) and (d) of the Act and the requirements of the Registrar.

14.4 Expenses

Unless specifically provided elsewhere in these Rules, the expenses related to the management and administration of the Fund, including the costs of audits and actuarial investigations shall be borne by the Fund.

14.5 Accounts

The Committee shall cause full and true accounts of the Fund to be kept, such accounts to be made up as at the end of each Financial Year, to be audited by the Auditor and then to be submitted to the Registrar.

14.6 Actuarial Valuation

14.6.1 If the Fund is not exempted from valuation, the financial condition of the Fund shall be investigated and reported on by the Actuary at intervals not exceeding three years or more frequently, if so recommended by the Actuary. The Committee shall forward a copy of such report to the Registrar and shall cause a copy of such report or a summary thereof to be sent to every Employer participating in the Fund.
14.6.2 If the valuation discloses that there is a deficit, the manner of funding the deficit shall be considered by the Committee and the Main Employer in consultation with the Actuary. The decision on how the deficit is to be funded shall be taken by the Committee on the advice of the Actuary and subject to the agreement of the Main Employer.

14.6.3 If a valuation discloses surplus, any such amount shall be credited to the Member Surplus Account and/or the Employer Surplus Account in such proportions as may be determined by the Committee in terms of Section 15C(1) of the Act.
15. ADMINISTRATION OF THE FUND

15.1 The affairs and business of the Fund shall be managed by the Fund who is the Administrator, or any other person appointed by the Committee to administer the Fund, subject to the provisions of the Act and subject to those affairs which are delegated to the Committee.

15.2 The Employers shall from time to time furnish to the Committee in respect of those employees who are Members all necessary particulars affecting their benefits or their entitlement to benefits under the Fund and the Committee shall ensure that such particulars are furnished to the Administrators. The Committee and the Administrators shall be entitled to act upon such particulars without further enquiry and shall not be responsible to any Member or to the Employer or to any other person or body whatsoever for any mis-statements or errors or omissions which may be contained in such particulars.

15.3 The Administrators shall keep a complete record of all necessary particulars of the Members of the Fund and of all persons entitled to benefits and of all other matters essential to the operation of the Fund.

15.4 The Administrators shall keep full and true accounts of the Fund as required in terms of Rule 14.5.

15.5 All cheques, contracts and other documents pertaining to the Fund shall be signed by such persons as the Committee by resolution may appoint; provided that documents to be deposited with the Registrar must be signed in the manner set out in the Act.
15.6 The Administrators shall maintain fidelity cover to indemnify the Fund against any loss resulting from the dishonesty or fraud of any person employed by them.
16. **AMENDMENTS TO THE RULES**

16.1 The Committee may at any time amend the Rules by a majority of votes, provided that:

(a) the value of a Member's Fund Credit prior to such amendment shall not be reduced;

(b) the amendment is approved by the Main Employer in the event that it affects the financial obligations of the Main Employer;

(c) the Pensioners will be entitled to vote on amendments to the rules which will affect their benefits;

(d) a two thirds majority vote by the Members who respond in writing to a request to vote on the amendment is received;

(e) the amendment is not inconsistent with the provisions of the Act or of the Income Tax Act, 1962 (Act 58 of 1962);

provided further that any amendment to the Rules affecting the financial basis of the Fund shall be referred to the Actuary before being adopted.

16.2 All alterations to the Rules shall be submitted to the Registrar and any other statutory authority who so requires. Once an amendment to the Rules has been registered by the Registrar, the Committee shall notify the Members of such amendment to the Rules.
16.3 If the registration of any alteration to these Rules in terms of the Act is effected on a date after the effective date of the alteration, the alteration shall nevertheless take effect from the effective date as stated in the alteration.
17. **INTERPRETATION OF RULES AND DISPUTES**

17.1 The decision of the Committee as to the meaning of or interpretation of these Rules or of any particular Rule or part of a Rule shall be final and binding on the Employers, Members and every person claiming to be entitled to a benefit under these Rules, subject to the provisions of Section 30A of the Act.

17.2 Any question which may arise with regard to a claim by any person under these Rules shall be decided by the Committee, subject to the provisions of Section 30A of the Act.

17.3 If any person affected by a decision of the Committee in terms of Rules 16.1 or 16.2 is dissatisfied with the decision, he shall have the right to lodge a written complaint as envisaged in Section 30A of the Act. If such person remains dissatisfied he may lodge his complaint with the Pension Funds Adjudicator appointed in terms of the Act which shall be dealt with in accordance with Sections 30D to 30P of the Act.

17.4 The Employer, the Committee (or one or more of their number), or any other person having a complaint or dispute of fact or law shall, notwithstanding anything to the contrary in these Rules, have the right to invoke the complaint procedures in accordance with the Act.
18. MISCELLANEOUS PROVISIONS

18.1 (a) Subject to payment of such fee as the Committee may require, a Member shall be entitled on application to a copy of any of the documents referred to in Section 35(1) of the Act.

(b) A Member shall be entitled on application to inspect without charge a copy of any of the documents referred to in Section 35(2) of the Act and to make extracts therefrom.

18.2 (a) Payment of each benefit in terms of these Rules shall be made to the person entitled thereto by means of electronic transfer into the bank account of such person to a bank registered in terms of the Banks Act, 1990, as amended.

(b) At the request of the beneficiary, payment may be made in some other manner agreed upon by the beneficiary and the Committee, including

(i) payment at the registered office of the Fund; or

(ii) postage by registered mail or by such other means as agreed to by the Committee.

(c) Payment in terms of (a) or (b) shall constitute full and final settlement of all claims to the benefit against the Fund and neither the Fund, the Committee nor the Administrators shall have any further liability for the benefit to any person.
18.3 All benefits and rights to benefits in terms of these Rules shall be subject to the prohibitions as to reduction, cession, etc. contained in Sections 37A and 37B of the Act.

18.4 The Administrators shall maintain a separate record in respect of benefits due under the Fund which have not been claimed. Subject to the provisions of the Act any such benefit shall be dealt with in the manner set out below:

(a) if a potential beneficiary approaches the Fund at any stage the Committee shall consider his claim and if the circumstances so warrant, shall pay to the beneficiary that part of the benefit, increased or decreased by the Investment Return, that as at the date of payment to the beneficiary is in excess of any costs incurred by the Fund in the administration of such benefit and any amount referred to in Rule 18.9;

or

(b) if so decided by the Committee, that part of the benefit, increased or decreased by the Investment Return, that as at the date of transfer in terms of this Rule is in excess of any costs incurred by the Fund in the administration of such benefit and any amount referred to in Rule 18.9 may be transferred to a national fund established by legislation for the purpose of housing unclaimed benefits, or to a fund established by an administrator for the same purpose.
18.5 Nothing in these Rules shall in any way restrict the right of the Employer to terminate the employment of any Member or affect any agreement between the Employer and an employee in regard to conditions of Service.

18.6 The Employer shall be bound by the provisions of these Rules. The provisions of these Rules and any regulation made thereunder by the Committee shall be binding on the Members, the Fund and its officials and on any person who institutes a claim against the Fund.

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

18.8 Subject to the requirements of the Revenue Authorities as specified from time to time and to the payment by the Employer of such additional contribution, or contributions, as the Committee after consulting the Actuary may decide to be necessary, the Committee, with the agreement of the Employer, may direct that any benefit payable to or in respect of any Member be increased on such basis as shall be determined in consultation with the Actuary.

18.9 If any costs are incurred as a consequence of the Committee tracing any potential beneficiaries whose benefits due under the Fund are unclaimed or in order to give effect to the provisions of Section 37C of the Act, such reasonable costs may be taken into consideration in determining the benefit payable to such beneficiaries.
ANNEXURE A

ADDENDUM TO THE RULES OF THE
GERMISTON MUNICIPAL RETIREMENT FUND

Notwithstanding anything to the contrary contained in the Rules of the Germiston Municipal Retirement Fund, the following provisions shall apply to the Pensioners of the Fund who were such as at 30 April 1994 and their Dependents as defined in the Previous Rules:

1. The Pensioners of the Fund who were Pensioners immediately prior to 1 May 1994 shall be managed in terms of the Previous Rules.

2. All conditions, terms and benefits as provided for in the Previous Rules of the Previous Fund shall continue to be applicable on the Pensioners of the Previous Fund after the Conversion Date.

3. The Addendum may only be changed subject to the approval of the Council and a majority of two thirds of the Pensioners of the Previous Fund who respond in writing to a request to vote on the matter, provided that a request to vote shall be voted to the address of every such pensioners as is in the records of the Principal Officer.

4. Notwithstanding any other provisions contained in these Rules, it is specifically provided that each surviving Pensioner, qualifying spouse (hereafter referred to as a “Qualifying Spouse”) and qualifying child, (hereafter referred to as a “Qualifying Child”) as defined in the Previous Rules who is in receipt of a Pension from the Fund, may elect either:
(a) that his Pension be purchased as an annuity or annuities which have been approved by the Committee in his own name chosen from Registered Insurers approved by the Committee; or

(b) that his Pension be purchased from a Registered Insurer determined by the Committee in the name of the Fund.

(5) If the Pensioner, Qualifying Spouse or Qualifying Child elects the option in 4(a) above, the following provisions shall apply with effect from the Pension Outsource Date:

(a) the terms and conditions applicable to such annuity or annuities, including options elected by the Pensioner, Qualifying Spouse or Qualifying Child or guardian, where applicable, and the determination of any benefits arising on his death, shall be determined by the Committee or, in cases where an alternate annuity or annuities is purchased, by the Pensioner, Qualifying Spouse or Qualifying Child or guardian as applicable, and shall be set out in writing by the Registered Insurer;

(b) the Fund shall transfer to the Registered Insurer, in respect of each such person, an amount equal to the actuarial reserve of the Pension provided by the Fund increased by an equitable portion of the Pensions Account at that point in time, as calculated by the Actuary, such calculation being based on the general assumptions as set out in the latest statutory valuation of the Fund, but taking into account the actual factors applicable to the Pensioner, Qualifying Child or Qualifying Spouse at the date of purchase including, in particular, any contingent liability with regard to payment of a Pension on the death of such person, but less any amount commuted in terms of the Rules which applied at the commencement of the Pension, to provide a Pension not less than the Pension payable to the Pensioner at that point in
time; provided that where the Committee so decide, such person may be given the option to elect to purchase an alternative annuity or annuities;

(c) the annuity or annuities so purchased shall be compulsory, non-commutable and payable for the life of such Pensioner or Qualifying Spouse; provided that in the case of a Qualifying Child, the annuity or annuities shall be payable for the term agreed on with the Registered Insurer;

(d) on purchase of an annuity or annuities in terms of this Rule, the Fund shall have no further liability in respect of the Pensioner, Qualifying Spouse or Qualifying Child in respect of the amount transferred, such liability resting with the Registered Insurer from whom the annuity or annuities are purchased.

Each Pensioner, Qualifying Spouse and Qualifying Child or Guardian, where applicable, hereby appoints the Committee as his duly authorised agent to do all things necessary to procure the purchase of such annuity or annuities.

(6) If the Pensioner, Qualifying Spouse or Qualifying Child elects the option in Rule 4 (b) above, the Fund shall retain the liability for the continued payment of the Pension and the terms and conditions of the Rules of the Previous Fund shall apply.
ANNEXURE B

TRANSFER TO AND FROM THE FUND

The Committee have power to enter into agreements with any other pension or provident fund which provides benefits for employees of local government organisations in Gauteng Province and which is approved by the Council for the transfer of the membership and benefits of employees of the Council from the Fund to such other fund or from such other fund to the Fund. The conditions for such transfers shall be determined by the Committee and agreed with such other Fund.
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GERMISTON MUNICIPAL RETIREMENT FUND.

August 2010

hf
Extracts from the minutes of a meeting of the Committee of the Germiston Municipal Retirement Fund held at Germiston on 18 November 2011

Resolved that with effect from the date on which these Rules are registered by the Registrar the set of Rules of the above Fund be substituted by these revised Rules.

The reasons for the substitution are:

(1) To provide that since employers participate who are not subsidiaries of the Principal Employer in terms of the Companies Act, the Fund shall be regarded as a Type B umbrella fund; provided that:

   (a) since the benefit structure is the same for the employees of all participating Employers, the Fund shall not operate in terms of Special Rules applicable to individual Participating Employers; and

   (b) the Fund does not wish to deprive Members of their democratic right to elect Trustees and shall not apply to the Registrar for an exemption in terms of Section 7B (1) (b) (i) of the Act from the provisions of Section 7A of the Act;

(2) In general, to consolidate the Rules to include the provisions of previous amendments and to up-date the Rules to reflect legislative changes and wording most appropriate for the administration of the Fund;

(3) To align the wording dealing with the classification and the nature of the Fund with the wording of the report of the board of Trustees;

(4) To add the definitions “Approved Provident Fund”, “Preservation Pension Fund” and “Preservation Provident Fund” in order to reflect the provisions of the Income Tax Act and the requirements of the Revenue Authorities regarding transfers to Preservation Funds;

(5) To remove several definitions which no longer apply;

(6) To remove provisions which refer to compulsory military service, since this is no longer relevant;
(6) To make it clear membership of the Fund ceases when all benefits have been paid to a Member and not when a Member leaves the Service of the Employer;

(7) To specify that the insured part of the death and disability benefits shall not become payable in circumstances where the transfer value held by the Fund in respect of a Member who has become a member of another arrangement for retirement funding, has not been transferred to such arrangement;

(8) To clarify the calculation of benefits in terms of the Rules and the Fund’s practice with regard to disinvestment of the Fund’s assets when a benefit becomes payable;

(9) To make it clear that retirement after the age of 65 is not permitted;

(10) To reflect that due to changes in legislation, some of the requirements of GN18 no longer apply to certain annuities purchased from a Registered Insurer;

(11) To reflect that the decision to allow a Member to retire on the grounds of ill-health is an employment issue so the Committee should not be the sole arbitrators as to whether a Member is in ill-health;

(12) To allow the cost of tracing beneficiaries to be taken into account in the determination of the benefit payable on the death of a Member in Service;

(13) To reflect that due to changes in legislation, pensions payable to spouses and children on the death of a member or pensioner are not subject to the provisions of Section 37C of the Pension Funds Act;

(14) To revise the Rule governing commutation of Pensions to allow a person in receipt of a Pension which has a capital value lower than such amount as may be specified by the Revenue Authorities from time to time, to commute the total value of such Pension for a lump sum, subject to such conditions as may be imposed by the Revenue Authorities;
To revise the accounting structure of the Fund by removing the general reserve account and providing for the accounts mentioned in the valuation report on the Fund to be reflected in the Rules, as required by the Registrar;

To differentiate between the transfer of an amount to the fund by an individual member on a voluntary basis and transfers from a previous retirement fund in terms of Section 14 of the Act;

to clarify the conditions applicable to transfers from the Fund consequent upon the Employer’s decision to participate in another arrangement for retirement funding;

To ensure the Rule providing for liquidation of the Fund is consistent with legislation by specifying that liquidation commences on approval of the appointment of the liquidator by the Registrar;

To allow the Committee to withhold payment of a Member’s benefit in circumstances where a deduction in terms of Section 37D of the Pension Funds Act may be permissible;

To provide that disputes among members of the Committee must be referred to an independent expert in the matter under dispute instead of to the Fund’s Actuary or Auditor;

To provide that if the Committee refers decisions to a subcommittee of their number, decisions taken by such a sub-committee must be recorded in the minutes of the next meeting of the Committee and that the Committee continues to bear full responsibility;

To require the Committee to obtain written confirmation that an institution to whom they delegate investment powers has the necessary fidelity cover;

To revise the Rule dealing with the valuation of the Fund to be consistent
with the provisions of legislation;

(24) To provide for unclaimed benefits to be transferred to a national fund for unclaimed benefits or a fund established by an administrator for such purpose;

(25) To allow reasonable tracing and administration costs to be taken into consideration in the calculation of an unclaimed benefit; and

Certified that the Resolution in terms of which these Rules have been accepted has been adopted in accordance with the Rules of the Fund.

Chairperson of Committee

Trustee

Principal Officer

Certified that the Rules are financially sound.
EM Lange
Actuary to the Fund

Signature

FASSA FFA
Qualifications

GERMISTON MUNICIPAL RETIREMENT FUND.