

South Africa

Post and Telecommunication-related Matters Act, 1958

## Rules of the Post Office Retirement Fund, 2005

Government Notice 1107 of 2005

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## South Africa

### Post and Telecommunication-related Matters Act, 1958

## Rules of the Post Office Retirement Fund, 2005

### Government Notice 1107 of 2005

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**Commenced on 1 December 2005**

*[This is the version of this document as it was from 25 November 2005 to 30 November 2005.]*

I, Ivy Matsepe-Casaburri, Minister of Communications, acting in terms of section 10 of the Post Office [Act, No. 44 of 1958](#), as amended, hereby promulgate the Rules of the Post Office Retirement Fund.

I. Matsepe-Casaburri

Minister of Communications

## 1. Introduction

### 1.1 Definitions

In the RULES where the context so requires:

words and expressions importing one gender shall include the other gender;

words and expressions denoting the singular shall include the plural and *vice versa*;

the headings are solely for ease of reference and are not to be taken into account in the interpretation of the RULES; and

the following words and expressions shall bear the meanings assigned to them below:

ACCUMULATED CONTRIBUTIONS of a MEMBER: the sum of

- (i) the contributions paid by the MEMBER prior to the CONVERSION DATE together with interest thereon calculated up to the CONVERSION DATE at the rate in terms of the rules in force immediately prior to the CONVERSION DATE, and
- (ii) the contributions paid by the MEMBER on and after the CONVERSION DATE in terms of Rule 3.1, and
- (iii) any transfer value received by the FUND in respect of a MEMBER prior to the CONVERSION DATE or any portion of a transfer value so received which is deemed to be ACCUMULATED CONTRIBUTIONS of a MEMBER, together with interest thereon calculated up to the CONVERSION DATE at the rate in terms of the rules in force immediately prior to the CONVERSION DATE, and
- (iv) any transfer value received by the FUND on and after the CONVERSION DATE in terms of Rule 9.8(1) or any portion of a transfer value so received which is deemed to be ACCUMULATED CONTRIBUTIONS of a MEMBER, and
- (v) interest on and after the CONVERSION DATE on the total of such amounts at a rate to be decided by the TRUSTEES from time to time in consultation with the ACTUARY, having regard to the investment yield achieved by the FUND;

ACTUARY: the ACTUARY of the FUND appointed in terms of RULE 10.8;

A-PENSIONER: a former A-member as defined in Annex A who has been receiving a PENSION from the FUND since his retirement prior to the CONVERSION DATE;

APPROVED PENSION FUND: a fund approved as such by the COMMISSIONER;

APPROVED PRESERVATION PENSION FUND: a fund approved as such by the COMMISSIONER in terms of his practice note RF 1/93;

APPROVED RETIREMENT ANNUITY FUND: a fund approved as such by the COMMISSIONER;

AUDITOR: an AUDITOR registered in terms of the Public Accountants and Auditors Act, 1991 ([Act No. 80 of 1991](#)), appointed by the TRUSTEES in terms of RULE 10.6;

BENEFICIARY: any person who is entitled to benefits in terms of these RULES;

B-PENSIONER: a former B-member as defined in Annex A who has been receiving a PENSION from the FUND prior to the CONVERSION DATE;

C-PENSIONER: a former C-member as defined in Annex A who has been receiving a PENSION from the FUND prior to the CONVERSION DATE;

COMMISSIONER: the Commissioner for Inland Revenue;

CONVERSION DATE: the first day of (an effective date)

DEFINED BENEFIT MEMBER: a MEMBER who elected to continue to receive benefits in terms of the defined benefit arrangement as set out in Annex A;

DEPENDANT: a person in respect of whom a MEMBER, PENSIONER or A-, B- or C- PENSIONER at the time of his death—

- (i) was legally liable for maintenance; or
- (ii) was not legally liable for maintenance but such a person is—
  - (a) considered by the TRUSTEES as having been in fact dependent on the MEMBER, PENSIONER or A-, B- or C-PENSIONER for maintenance;
  - (b) the surviving spouse of the MEMBER, PENSIONER or A-, B- or C- PENSIONER, who was a party to a RECOGNISED MARITAL UNION with the MEMBER, PENSIONER or A-, B- or C-PENSIONER;
  - (c) a child of a MEMBER, PENSIONER or A-, B- or C-PENSIONER, including a posthumous child, an adopted child and an illegitimate child;
- (iii) would have become legally liable for maintenance, had the MEMBER, PENSIONER or A-, B- or C-PENSIONER not died;

ELIGIBLE EMPLOYEE: an employee of any of the EMPLOYERS who has not yet attained the age of 65 years, including an executive director who is in receipt of emoluments other than director's fees, but excluding any employee whose employment is casual or subject to a limited period; provided that the TRUSTEES may, at the request of the EMPLOYER, and subject to the approval of the COMMISSIONER, waive any of the said qualifications in respect of a particular employee or group of employees. An ELIGIBLE EMPLOYEE shall include a PERMANENT PART-TIME EMPLOYEE;

EMPLOYER: the PRINCIPAL EMPLOYER and those of its associated or subsidiary companies or organisations which have been admitted as employers in the FUND in terms of RULE 11.7; provided that any EMPLOYER who withdraws from the FUND in terms of RULE 11.9 shall simultaneously cease to be an EMPLOYER for the purposes of the RULES. In relation to any MEMBER, "EMPLOYER" shall mean the EMPLOYER in whose SERVICE he is;

FUND: the Post Office Retirement Fund which was known as the Post Office Pension Fund before the CONVERSION DATE;

FUND ANNIVERSARY: the 31st day of March 2006 and thereafter annually on the 31st day of March;



INSURER: an insurer registered in terms of the Insurance Act, 1943 ([Act No. 27 of 1943](#)), to transact life business;

MEMBER; an ELIGIBLE EMPLOYEE who has been admitted as a MEMBER of the FUND in terms of RULE 4 and for as long as he remains a MEMBER in terms of these RULES;

MEMBER'S OPENING BALANCE: the actuarial liability at the CONVERSION DATE in respect of the MEMBER, as calculated by the ACTUARY using assumptions which will be no weaker than the assumptions used in the last actuarial valuation, subject to a minimum of 2 (two) times the ACCUMULATED CONTRIBUTIONS of a MEMBER, less any amount outstanding in respect of fee purchase of pensionable service by the MEMBER;

MEMBER'S SHARE: an amount determined in respect of each MEMBER in accordance with RULE 2.2(1);

MINISTER: shall be the Minister of Communications;

NOMINEE: a person, other than a DEPENDANT, who has been nominated in writing by a MEMBER, PENSIONER or A-, B- or C-PENSIONER to become entitled to the death benefits or a portion thereof in terms of RULE 6;

NORMAL RETIREMENT AGE: the age of 65 years;

NORMAL RETIREMENT DATE; the last day of the month in which a MEMBER attains his NORMAL RETIREMENT AGE;

PENSION: an annual benefit amount payable for the lifetime of the BENEFICIARY or, in the case of a QUALIFYING CHILD for as long as he remains a QUALIFYING CHILD;

PENSIONABLE EMOLUMENTS: the MEMBER'S basic annual salary or wages and/or any other regular amounts which are regarded as pensionable by the EMPLOYER subject to RULE 3.1.(4);

PENSIONER: a MEMBER who joined the FUND on or after the CONVERSION DATE, who has subsequently retired and is in receipt of a PENSION in terms of these RULES and includes a BENEFICIARY who is in receipt of a PENSION in terms of RULE 6;

PERMANENT DISABILITY: disability of a MEMBER resulting from an accident, illness or disorder which is not attributable to intentional self-inflicted injury and which prevents the MEMBER totally and permanently from following his own profession or any other profession for which he is reasonably qualified in terms of his education, training and experience. "PERMANENTLY DISABLED" or "PERMANENT DISABLEMENT" shall have a corresponding meaning;

PERMANENT PART-TIME EMPLOYEE: a permanent employee whose normal hours of service are less than those prescribed by the EMPLOYER for full-time employees;

PRINCIPAL EMPLOYER: South African Post Office Limited;

QUALIFYING CHILD of a MEMBER, PENSIONER or C-PENSIONER

- (a) a child of the MEMBER, PENSIONER or C-PENSIONER including a child born out of wedlock or a legally adopted child, under the age of 18 years and unmarried, or
- (b) a step-child, under the age of 18 years and unmarried, who, in the opinion of the TRUSTEES, was substantially dependent on the MEMBER, PENSIONER or C-PENSIONER at the time of his death,

and shall include

- (i) in the case of a child of a MEMBER or PENSIONER, at the discretion of the TRUSTEES, a child as defined in (a) or (b) above who is over the age of 18 years but under the age of 25 years, who was substantially dependent on the MEMBER or PENSIONER, and

- (ii) in the case of a child of a C-PENSIONER, a child as defined in (a) or (b) above, but who is older than 18 years and younger than 25 years where such child is studying fulltime or is physically or mentally handicapped; and
- (iii) a child born after the death of the MEMBER, PENSIONER or C-PENSIONER who, but for such death, would have been a QUALIFYING CHILD in terms of (a) or (b) above,

but shall exclude

- (aa) in the case of a child of a MEMBER or PENSIONER, 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, whichever is the earlier;
- (bb) in the case of a child of a C-PENSIONER, a child as defined in subclauses (a) or (b) above who has been adopted or became a step-child after the STATUTORY RETIREMENT DATE of the C-PENSIONER or his actual retirement date, whichever is the earlier; provided that where doubt exists, the TRUSTEES shall at their discretion decide whether or not such child is a QUALIFYING CHILD; provided further that the a; TRUSTEES may, in a particular case, extend the maximum age of 25 years, on condition that the employer contributes to the FUND such additional amounts as the actuary may deem necessary to make provision for the said benefit; actuary may deem necessary to make provision for the said benefit;

QUALIFYING SPOUSE: a surviving partner of the MEMBER, PENSIONER or C- PENSIONER in a RECOGNISED MARITAL UNION existing at the time of the death of the MEMBER, PENSIONER or C-PENSIONER; provided that in the event of the death of a PENSIONER or C-PENSIONER, such RECOGNISED MARITAL UNION must already have existed at the earlier of the PENSIONER'S or C-PENSIONER'S NORMAL RETIREMENT DATE or his actual retirement date;

QUALIFYING WIDOW: the surviving partner of a male A- or B-PENSIONER in a RECOGNISED MARITAL UNION which existed at the time of death of such male A- or B- PENSIONER;

RECOGNISED MARITAL UNION: a legal marriage or a customary union according to indigenous law and custom or a union recognised as a marriage under any Asiatic religion, or a cohabitation between a MEMBER, PENSIONER or A-, B- or C-PENSIONER and another person, which is regarded as a RECOGNISED MARITAL UNION by the TRUSTEES at their sole discretion; provided that a RECOGNISED MARITAL UNION may, at the discretion of the TRUSTEES, include a RECOGNISED MARITAL UNION which has been dissolved but where the other person is still financially dependent upon the MEMBER, PENSIONER or A-, B- or C-PENSIONER;

RECOGNISED TRADE UNION: an employee organisation recognised as a sufficiently representative trade union or staff association by the EMPLOYER provided that such organisation represents persons who are MEMBERS of the FUND;

RETIREMENT LUMP SUM BENEFIT: the lump sum benefit paid to a MEMBER on retirement in terms of RULE 5.3;

RULES: these RULES as amended from time to time;

SERVICE: service as an ELIGIBLE EMPLOYEE of one or more of the EMPLOYERS, including pensionable service with the Post Office Pension Fund and, for purposes of the calculation of the number of completed years' SERVICE in RULE 8.1(1), service other than pensionable service by MEMBERS as employees during a qualifying period in terms of Regulation 2(1)(a) of Regulation R2099 dated 21 September 1979 promulgated under the Temporary Employees Pension Fund Act, 1979 ([Act No. 75 of 1979](#));

TRUSTEES: the Board of TRUSTEES constituted in terms of RULE 10.1 to manage and control the FUND; provided that this shall include the TRUSTEES referred to in 10.2.

## 1.2 Name

The Post Office Pension Fund was established in terms of Section 9(1) of the Post Office Act, 1958 ([Act No. 44 of 1958](#)). It operated as a defined benefit fund. With effect from 1 December

2005 (hereinafter referred to as "the CONVERSION DATE"), the FUND as described in the Statutes previously in force was converted, except in respect of DEFINED BENEFIT MEMBERS, A-PENSIONERS, B-PENSIONERS and C-PENSIONERS as at the CONVERSION DATE, from a "defined benefit" arrangement to a "defined contribution" arrangement and simultaneously became known as the Post Office Retirement Fund and shall continue as a fund established by law.

### 1.3 Rules

These RULES are the RULES of the FUND which are effective from the CONVERSION DATE.

### 1.4 Object

The object of the FUND is to provide retirement and ancillary benefits for the BENEFICIARIES as described in the RULES.

### 1.5 Legal status

The FUND is a separate legal entity, distinct from its MEMBERS and shall be capable in law, in its own name, of suing and of being sued, and of acquiring, holding and alienating property, movable and immovable.

### 1.6 Registered office

The registered office of the FUND is at Postpark, 497 Schubart Street, Pretoria Central, 0002.

## 2. Financial structure of the Fund

### 2.1 Fund Accounts

The assets of the FUND shall be held in three accounts, to be known as the Share Account, the Pensions Account and the Reserve Account. Each account shall be maintained separately from the others and transfers between accounts shall take place only as specified in the RULES.

### 2.2 Composition of accounts

#### (1) Share Account

The Share Account shall comprise all the MEMBERS' SHARES plus the additional voluntary contribution account.

#### (a) Each MEMBER'S SHARE shall comprise:

##### (aa) Credits

- (i) the MEMBER'S OPENING BALANCE;
- (ii) the MEMBER'S contributions made after the CONVERSION DATE in terms of RULE 3.1;
- (iii) the EMPLOYER'S contributions made after the CONVERSION DATE on behalf of the MEMBER in terms of RULE 3.2(1)(a);
- (iv) subsequent transfer values received after the CONVERSION DATE in respect of a MEMBER in terms of RULE 9.8(1);
- (v) investment earnings transferred from the Investment Reserve from time to time at a rate to be determined by the TRUSTEES after consultation with the ACTUARY. Such investment earnings shall be based on the investment yield achieved by the FUND during the period for which the said earnings are credited to the Share Account;
- (vi) surplus bonuses transferred from the General Reserve as determined by the ACTUARY based upon distributable valuation profits in terms of RULE 10.9(4);

- (vii) special transfers from the Stabilisation Reserve in terms of RULE 3.2(4).
- (viii) transfers from the Data Reserve in respect of corrections to member details which have an influence on the member's opening balance.

(bb) **Debits**

- (i) if investment earnings are negative or if adjustments to investment earnings already declared are negative, transfers to the Reserve Account as determined by the TRUSTEES acting after consultation with the ACTUARY;
- (ii) lump sum benefits paid to the MEMBER in terms of RULE 5.3(1);
- (iii) transfers to the Pensions Account of the balance of the MEMBER'S SHARE after payment of ANY RETIREMENT LUMP SUM BENEFIT;
- (iv) withdrawal payments in terms of RULE 8;
- (v) transfers to the Risk Reserve Account of the MEMBER'S SHARE on death in service in terms of RULE 6.1(1);
- (vi) transfers to the Risk Reserve of any balance of the MEMBER'S SHARE on termination of his SERVICE in terms of RULE 8;
- (vii) transfers to the Risk Reserve of the MEMBER'S SHARE on retirement for reason of ill-health in terms of RULE 7.3;
- (viii) transfers to an INSURER in terms of Rule 5.3(2).
- (ix) transfers to the Data Reserve in respect of corrections to member details which have an influence on the member's opening balance.

(b) An Additional Voluntary Contribution Account which shall comprise:

(aa) **Credits**

- (i) additional contributions made by a MEMBER in terms of Rule 3.1(3);
- (ii) investment earnings transferred from the Investment Reserve at the same rate as those referred to in Rule 2.2(1)(a)(aa)(v).

(bb) **Debits**

- (i) lump sum benefits in respect as determined by the TRUSTEES after consultation with the ACTUARY and payable in terms of RULE 5.4, 6.3, 7.3(4) or 8.2.
- (ii) transfers to the Pension Account in respect of additional pensions payable in terms of Rules 5.4 or 7.3 (4).

(2) **Pensions Account**

The Pensions Account comprises an account in respect of all PENSIONS in the course of payment to BENEFICIARIES who are entitled thereto in terms of the RULES. The following transactions shall be recorded in this account:

(a) **Credits**

- (i) an opening balance representing the liability in respect of all pensions in course of payment immediately prior to the CONVERSION DATE as calculated by the ACTUARY on a basis agreed with the TRUSTEES;
- (ii) transfers from the Share Account of the balance of the MEMBER'S SHARE after payment of any retirement lump sum benefit;

- (iii) transfers from the Risk Reserve representing the value of the PENSIONS payable on the death of a MEMBER in terms of RULE 6.1(1) or his retirement for reasons of ill-health in terms of RULE 7.3.
- (iv) transfers, from the Defined Benefit Reserve representing the value of any PENSION payable in terms of ANNEX A.
- (v) investment earnings transferred from the Investment Reserve Account from time to time, as determined by the TRUSTEES acting on the advice of the ACTUARY;
- (vi) EMPLOYER Contributions to make good any shortfall as determined by the TRUSTEES acting on the advice of the ACTUARY.
- (vii) transfers from the Additional Voluntary Contribution account in respect of additional pensions payable in terms of Rule 5.4 or 7.3(4).

(b) **Debits**

- (i) PENSIONS and other regular instalments payable in terms of the RULES;
- (ii) the cash value of any positive difference as contemplated in RULES 6.1(1)(d), 6.1(2)(d) and 7.3(3);
- (iii) transfers to the General Reserve in respect of any surpluses in the Pensions Account, as determined by the TRUSTEES acting on the advice of the ACTUARY, subject to the approval of the PRINCIPAL EMPLOYER;
- (iv) lump sum benefits paid in terms of RULES 6.1(2)(a).

(3) **Reserve Account**

The Reserve Account is established to provide for contingencies and obligations of the FUND not covered by the Share Account or the Pensions Account, and represents a record of all moneys of the FUND not allocated to those accounts. The Reserve Account comprises of the following components, each of which is determined by the TRUSTEES on the advice of the ACTUARY.

- (a) A Defined Benefit Reserve, to fund the benefits of the DEFINED BENEFIT MEMBERS;

The following transactions shall be recorded in this account:

(aa) **Credits**

- (i) an opening balance equal to the actuarial liability at the CONVERSION DATE in respect of all DEFINED BENEFIT MEMBERS;
- (ii) that portion of EMPLOYER contributions in terms of Rule 3.2(1)(e) which is intended to fund the benefits of DEFINED BENEFIT MEMBERS;
- (iii) investment earnings transferred from the Investment Reserve from time to time at the rate to be determined by the TRUSTEES after consultation with the ACTUARY;
- (iv) transfers from the Stabilisation Reserve in terms of Rule 3(2)(4).

(bb) **Debits**

- (i) transfers to the Pension Account in terms of Rule 2.2(2)(a)(iv);
- (ii) any lump sum benefits payable in terms of ANNEX A;
- (iii) expenses other than expenses as a result of investments or taxes and levies on income, relating to DEFINED BENEFIT MEMBERS as decided by the TRUSTEES in consultation with the ACTUARY.

- (b) An Investment Reserve to absorb fluctuations in the market value of the FUND'S investments;

The following transactions shall be recorded in this account:

(aa) **Credits**

- (i) an opening balance decided by the TRUSTEES acting on the advice from the ACTUARY;
- (ii) all investment earnings earned by the Fund;
- (iii) amounts debited to the Share Account in terms of Rule 2.2(1)(a)(bb)(i);
- (iv) transfers from the General Reserve based on the recommendations by the ACTUARY and on approval of the TRUSTEES in terms of Rule 10.9(3).

(bb) **Debits**

- (i) transfers to the Pension Account in terms of Rule 2.2(2)(a)(v);
- (ii) transfers to the Share Account in terms of Rule 2.2(1)(a)(aa)(v);
- (iii) transfers to the Additional Voluntary Contribution Account in terms of Rule 2.2(1)(b)(aa)(ii);
- (iv) transfers to the Stabilisation Reserve in terms of Rule 2.2(3)(e)(aa)(iv);
- (v) transfers to the General Reserve based on the recommendation by the ACTUARY and on approval of the TRUSTEES in terms of Rule 10.9(3);
- (vi) all expenses as a result of investments made by the Fund;
- (vii) all taxes and levies payable on any income of the Fund;
- (viii) transfers to the Defined Benefit Reserve in terms of Rule 2.2(3)(a)(aa)(iii).

- (c) A Risk Reserve to absorb the impact of an adverse experience in risk benefits not reinsured in terms of RULE 9.3.

The following transactions shall be recorded in this account:

(aa) **Credits**

- (i) an opening balance as decided by the TRUSTEES acting on the advice from the ACTUARY;
- (ii) EMPLOYER contributions in terms of Rule 3.2(1)(b) less the portion allocated to the General Reserve in terms of Rule 2.2(3)(f)(aa)(iv);
- (iii) transfers from the Share Account in terms of Rule 2.2(1)(a)(bb)(v), (vi) and (vii);
- (iv) any reinsurance payments made to the FUND by the INSURER;
- (v) transfers from the General Reserve based on the recommendation by the ACTUARY and on approval by the TRUSTEES in terms of Rule 10.9(3).

(bb) **Debits**

- (i) transfers to the Pensions Account in terms of Rule 2.2(2)(a)(iii);
- (iii) any reinsurance premiums payable by the Fund;

*[Please note: numbering as in original.]*

- (iii) lump sum benefits paid to the MEMBER in terms of Rules 6.1(1)(a) and 7.3(2);
  - (iv) transfers to the Pension Account in terms of Rules 2.2(2)(b)(iii);
  - (v) transfers to the General Reserve based on the recommendation by the ACTUARY and on approval of the TRUSTEES in terms of Rule 10.9(3).
- (d) A Data Reserve to absorb strains caused by erroneous data and other unforeseen contingencies;

The following transactions shall be recorded in this account:

(aa) **Credits**

- (i) an opening balance as decided by the TRUSTEES acting on the advice from the ACTUARY;
- (ii) transfers from the Share Account in terms of Rule 2.2(1)(a)(bb)(ix);
- (iii) transfers from the General Reserve based on the recommendation by the ACTUARY and on approval of the TRUSTEES in terms of Rule 10.9(3).

(bb) **Debits**

- (i) transfers to the Share Account in terms of Rule 2.2(1)(a)(aa)(vii);
- (ii) transfers to the General Reserve based on the recommendation by the ACTUARY and on the approval of the TRUSTEES in terms of Rule 10.9(3).

- (e) A Stabilisation Reserve:

The following transactions shall be recorded in this account:

(aa) **Credits**

- (i) an opening balance equal to the difference between the market value of assets at the CONVERSION DATE and the total of the initial balance of the Pensions Account, Share Account and the Reserve Account (excluding this reserve);
- (ii) EMPLOYER contributions in terms of Rule 32(1)(c) and 3(2)(3);
- (iii) investment earnings as allocated by the TRUSTEES (it will be negative if the balance is negative);
- (iv) transfers from the Defined Benefit Reserve representing valuation surpluses as recommended by the ACTUARY and approved by the TRUSTEES.

(bb) **Debits**

- (i) transfers to the Share Account and Defined Benefit Reserve in terms of Rule 3(2)(4);
- (ii) transfers to any other account as decided by the TRUSTEES after the approval from the EMPLOYER.



- (f) A General Reserve comprising of surpluses not allocated to the components of the Reserve Account set out in (a) to (d) above.

The following transactions shall be recorded in this account:

(aa) **Credits**

- (i) an opening balance as decided by the TRUSTEES acting on the advice from the ACTUARY;
- (ii) transfers from the various Reserve Accounts in terms of Rules 2.2(3)(b)(bb)(v), 2.2(3)(c)(bb)(v) and 2.2(3)(d)(bb)(iii);
- (iii) transfers from the Share Account in terms of Rules 2.2(1)(a)(bb)(vi);
- (iv) part of EMPLOYER contributions in terms of Rule 3.2(1)(b) equal to all expenses other than expenses referred to in Rules 2.2(3)(a)(bb)(iii), 2.2(3)(b)(bb)(vi) and (vii) less the transfers from the Share Account in terms of Rule 2.2(1)(a)(bb)(vi).

(bb) **Debits**

- (i) all expenses referred to in Rules 10.14 and 10.15 not paid from any other account or reserve;
- (ii) transfers to the various accounts in terms of Rules 2.2(1)(a)(aa)(vi), 2.2(3)(b)(aa)(iv), 2.2(1)(c)(aa)(v) and 2.2(1)(d)(aa)(iii).

### 2.3 Deficit

As at the CONVERSION DATE of the FUND, the ACTUARY shall determine if there is any difference between the market value of assets and the total of the initial balances of the Pensions Account, Share Account and Reserve Account (excluding the Stabilisation Reserve). It will form the opening balance in the Stabilisation Reserve and if so, THE ACTUARY shall then make available a business plan in which is stated the manner in which it will be a mortised. Such business plan shall be approved by the PRINCIPAL EMPLOYER where his financial obligations may be affected, and the TRUSTEES.

## 3. Contributions

### 3.1 Member contributions

- (1) Each MEMBER other than a DEFINED BENEFIT MEMBER shall contribute monthly an amount equal to 7,5% of one-twelfth of his PENSIONABLE EMOLUMENTS to the FUND.
- (2) Contributions are deducted monthly by the EMPLOYER from the MEMBER'S remuneration.
- (3) A MEMBER may make additional contributions to the FUND in order to secure greater benefits or in respect of a period of past service. The conditions relating to the additional contributions and the benefits payable shall be as provided for in RULES 5.4, 6.3 and 7.3(4).
- (4) If the normal hours of service of a MEMBER or a group of MEMBERS are reduced as a result of economic measures, and such reduction results in a lowering of his/their PENSIONABLE EMOLUMENTS, such MEMBER or MEMBERS and the EMPLOYER may, at the request of such MEMBER or MEMBERS and with the consent of the EMPLOYER, continue to contribute to the FUND at the PENSIONABLE EMOLUMENTS they contributed at immediately before such reduction and such PENSIONABLE EMOLUMENTS shall be deemed for purposes of these RULES to be the PENSIONABLE EMOLUMENTS of the MEMBER or MEMBERS.



### 3.2 Employer contributions

- (1) The EMPLOYER shall contribute monthly the following amounts to the FUND:
  - (a) 9% of one-twelfth of each MEMBER'S PENSIONABLE EMOLUMENTS in respect of MEMBERS other than DEFINED BENEFIT MEMBERS towards the provision of retirement benefits only;
  - (b) 4.75% of one-twelfth of each MEMBER'S PENSIONABLE EMOLUMENTS in respect of MEMBERS other than DEFINED BENEFIT MEMBERS to procure the death and disability benefits described in Rules 6.1(1) and 7 and to cover the cost of expenses referred to in Rule 10.14 and rule 10.15; relating to member's other than defined benefit members as decided by the TRUSTEES in consultation with the ACTUARY.
  - (c) such amounts as mutually agreed between the EMPLOYER and the TRUSTEES acting on the advice of the ACTUARY, as may be necessary to eliminate a shortfall in the Stabilisation Reserve.
  - (d) such amounts as determined from time to time by the TRUSTEES after consultation with the ACTUARY as may be necessary to eliminate any actuarial shortfall in the Pensions Account or the Defined Benefit Reserve in the Reserve Account; provided that if PENSION increases or benefit improvements granted in terms of RULE 9.7 increase file EMPLOYER'S liability in the Pensions Account or the Defined Benefit Reserve in the Reserve Account, such improvements or increases shall be approved by the PRINCIPAL EMPLOYER.
  - (e) a percentage of the DEFINED BENEFIT MEMBERS' PENSIONABLE EMOLUMENTS as determined from time to time by the TRUSTEES after consultation with the ACTUARY to fund the benefits of DEFINED BENEFIT MEMBERS in the defined benefit reserve in the Reserve Account and to fund the cost of expenses referred to in Rules 10.14 and 10.15 relating to DEFINED BENEFIT MEMBERS.
- (2) In the event that the costs of risk benefits and administration costs referred to in Rule 3.2(1) (b) at any time exceeds 4,75% less the cost of providing the disability benefit in terms of Rule 7, of MEMBERS' PENSIONABLE EMOLUMENTS, the TRUSTEES, in consultation with the MEMBERS, may;
  - (i) reduce the insured risk benefits; or
  - (ii) reduce the EMPLOYER'S contribution towards the provision of retirement benefits; or
  - (iii) require the MEMBERS to make a portion of their contributions available for the provision of risk benefits; or
  - (iv) utilise the stabilisation reserve to meet any excess costs; or
  - (v) increase the EMPLOYER'S contribution towards risk benefits provided that the EMPLOYER shall consent to such increase.
- (3) The EMPLOYER, in consultation with the ACTUARY, may from time to time make additional contributions to the FUND in order to increase the balance in the Reserve Account.
- (4) The TRUSTEES may from time to time on request from the PRINCIPAL EMPLOYER and after consultation with the ACTUARY, make special transfers of all or part of any balance in the stabilisation reserve in the Reserve Account as contemplated in RULE 2.2(3) to the MEMBERS' SHARES or the defined benefit reserve in the Reserve Account, *pro rata* to the contributions due by the EMPLOYER in terms of (1)(a) or (e) above, in which case the EMPLOYER'S contributions will be reduced by the amount of such transfer.

### 3.3 Payment of contributions

Contributions are payable to the FUND monthly, in arrears, not later than the first working day after the end of the calendar month to which such contributions relate.

## 4. Membership

### 4.1 Eligibility and admission

- (1) Each ELIGIBLE EMPLOYEE shall, save as is provided for in (2) or (3) below, become a MEMBER of the FUND on the date of his becoming an ELIGIBLE EMPLOYEE.
- (2) An ELIGIBLE EMPLOYEE who is a MEMBER in SERVICE on the CONVERSION DATE shall have the option:
  - (a) to receive benefits in terms of the new defined contribution structure, or
  - (b) to continue to receive benefits in terms of the Statutes that applied prior to the CONVERSION DATE in which case such a MEMBER shall be referred to as a DEFINED BENEFIT MEMBER;

Should a MEMBER not provide written notice of his election, he shall be classified as a DEFINED BENEFIT MEMBER, provided that an ELIGIBLE EMPLOYEE who has not exercised option (a) shall have the option to receive benefits in terms of the defined contribution structure of the FUND on a date three months after the CONVERSION DATE after which date he shall not be entitled to make such an election.

- (3) A MEMBER including a DEFINED BENEFIT MEMBER will continue to be subject to any restrictions they were subject to prior to the CONVERSION DATE. An ELIGIBLE EMPLOYEE who was a MEMBER of the FUND on the CONVERSION DATE shall remain a MEMBER of the FUND as from that date, subject to the provisions of the RULES.
- (4) An ELIGIBLE EMPLOYEE who becomes a MEMBER in terms of (1) above shall produce such evidence as to the state of his health as the TRUSTEES, may require. If in the opinion of the TRUSTEES such MEMBER is not in good health, he shall be subject to such restrictions in benefits as the TRUSTEES, acting on the advice of the ACTUARY, shall determine; provided that if such MEMBER whose benefits are restricted, at his own cost, proves to the satisfaction of the TRUSTEES that his health is satisfactory, the TRUSTEES may lift or amend the said restriction.
- (5) Membership of the FUND is a condition of SERVICE for every person who becomes an ELIGIBLE EMPLOYEE on or after the CONVERSION DATE.

### 4.2 Termination

No MEMBER may terminate his Membership of the FUND while he remains in SERVICE; and his Membership shall cease upon termination of his SERVICE, unless otherwise provided for in these RULES.

### 4.3 Temporary absence

#### (1) 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.

#### (2) Approved temporary absence

- (a) When a MEMBER other than a DEFINED BENEFIT MEMBER is absent from SERVICE with less than full normal remuneration, his MEMBER'S SHARE will be credited with

any contributions actually paid by the MEMBER and/or the EMPLOYER during such period of absence.

- (b) The MEMBER referred to in (a) above will continue to be covered for the death benefits in terms of RULE 6 and for the disability income benefit referred to in RULE 7 for up to one year 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 EMPLOYER may decide. After expiry of the one year period such cover will terminate unless the MEMBER has returned to active SERVICE or unless the TRUSTEES, at the request of the EMPLOYER and after consultation with the ACTUARY, have agreed to extend such period.
- (c) For the purposes of these RULES a MEMBER who is in receipt of a disability income benefit referred to in RULE 7.2 shall not be regarded as absent from SERVICE.

(3) **Reinstatement of membership upon return to service**

If a MEMBER leaves SERVICE and returns to SERVICE and becomes an ELIGIBLE EMPLOYEE within twelve months after the termination of his SERVICE and before any benefit has been paid to him by the FUND, or if a benefit has been paid to him and it is refunded to the FUND together with interest at a rate determined by the TRUSTEES in consultation with the ACTUARY, he shall become a MEMBER again as from the date on which he becomes an ELIGIBLE EMPLOYEE, and his MEMBER'S SHARE and SERVICE shall be reinstated.

## 5. Retirement

### 5.1 Normal retirement

- (1) A MEMBER other than a DEFINED BENEFIT MEMBER shall retire from SERVICE on his NORMAL RETIREMENT DATE and he shall receive a PENSION vesting on the following day secured by the balance of his MEMBER'S SHARE at that date after the amount of any lump sum benefit paid in terms of RULE 5.3 has been deducted. The PENSION payable will be based on a conversion factor applicable to his NORMAL RETIREMENT AGE, as decided by the TRUSTEES acting on the advice of the ACTUARY.
- (2) The PENSION shall commence on the first day of the month following the MEMBER'S NORMAL RETIREMENT DATE and the first payment of the PENSION shall be due at the end of such month.
- (3) If a MEMBER other than a DEFINED BENEFIT MEMBER is dismissed by the EMPLOYER as a result of a reduction in or a reorganisation of staff, the provisions of (1) and (2) shall apply *mutatis mutandis* to the MEMBER; provided that if the MEMBER so elects a cash withdrawal benefit shall be paid to him in terms of RULE 8.1.

### 5.2 Early retirement

- (1) A MEMBER other than a DEFINED BENEFIT MEMBER may, after having attained the age of 55 years and before having attained the NORMAL RETIREMENT AGE, retire from SERVICE. Such MEMBER shall receive a PENSION vesting on the first day of the following month secured by the balance of his MEMBER'S SHARE at that date after the amount of any lump sum benefit paid in terms of RULE 5.3 has been deducted. The PENSION payable will be based on a conversion factor applicable to his age at the actual date of such early retirement, as decided by the TRUSTEES acting on the advice of the ACTUARY.
- (2) A MEMBER other than a DEFINED BENEFIT MEMBER may, after having attained the age of 50 years and before having attained the NORMAL RETIREMENT AGE and subject to the approval of the EMPLOYER, retire from SERVICE. Such MEMBER shall receive a PENSION vesting on the first day of the following month secured by his MEMBER'S SHARE at that date, less the amount of any lump sum benefit paid in terms of RULE 5.3, based on a conversion

factor applicable to his age at the actual date of such early retirement. as decided by the TRUSTEES acting on the advice of the ACTUARY.

### 5.3 Lump sum benefit and pension options

- (1) At the request of a retiring MEMBER other than a DEFINED BENEFIT MEMBER made at the time of retirement, the MEMBER may choose to receive as a lump sum benefit up to one-third of his MEMBER'S SHARE (or up to the whole thereof if allowed by income tax legislation), vesting on the first day of the month immediately following the MEMBER'S retirement from SERVICE. The balance of the MEMBER'S SHARE, if any, will be made available to secure a PENSION for the MEMBER, as decided by the TRUSTEES acting on the advice of the ACTUARY.
- (2) Instead of granting payment of a PENSION by the FUND as contemplated in RULE 5, the TRUSTEES may pay the amount of the MEMBER'S SHARE that would have been applied by the FUND towards such PENSION to an INSURER to purchase a pension for the BENEFICIARY concerned subject to such conditions as approved by the TRUSTEES. The FUND shall thereafter have no further liability in respect of the MEMBER provided that:
  - (a) the pension purchased for the BENEFICIARY from the INSURER is, effective from the date following his date of actual retirement, payable for the lifetime of the BENEFICIARY,
  - (b) if the MEMBER chooses to receive a lump sum benefit in terms of (1) above, it shall be paid by the FUND to the MEMBER and no further lump sum benefit shall be paid by the INSURER to the MEMBER,
  - (c) the amount transferred by the FUND to the INSURER for the benefit of the MEMBER shall represent the full value of the MEMBER'S SHARE in the FUND as at the date of transfer; provided that if a lump sum benefit is paid in terms of (1) above, the amount transferred by the FUND to the INSURER shall be the balance of the MEMBER'S SHARE after payment of the lump sum benefit,
  - (d) the pension purchased from the INSURER is purchased in the name of the BENEFICIARY.

### 5.4 Additional retirement benefit

A MEMBER other than a DEFINED BENEFIT MEMBER who retires in terms of this Rule 5 and who has made additional contributions in terms of Rule 3.1(3) shall receive an additional benefit secured by such additional contributions on such terms and conditions as the TRUSTEES determine after consultation with the ACTUARY. A retiring MEMBER may choose to receive as a lump sum benefit up to one-third of the balance in his additional voluntary contribution account.

### 5.5 Retirement of a defined benefit member

Notwithstanding anything to the contrary contained in these RULES, the conditions applicable to the retirement of a DEFINED BENEFIT MEMBER and the benefits payable thereon shall be as set out in Annex A to the RULES.

## 6. Death

### 6.1 (1) Death in Service

The following benefits shall be payable on the death of a MEMBER other than a DEFINED BENEFIT MEMBER while in SERVICE prior to the attainment of his NORMAL RETIREMENT DATE or while in receipt of a disability income benefit referred to in RULE 7.2:

- (a) a lump sum equal to three times the MEMBER'S PENSIONABLE EMOLUMENTS plus, if neither a QUALIFYING SPOUSE'S PENSION nor a QUALIFYING CHILDREN'S PENSION is payable in terms of (b) or (c) below, the MEMBER'S SHARE at the date of his death shall be payable;

- (b) a PENSION to his QUALIFYING SPOUSE equal to 40% of the MEMBER'S PENSIONABLE EMOLUMENTS immediately before his death;
- (c) a PENSION to the QUALIFYING CHILDREN of the MEMBER equal in total to a percentage of the MEMBER'S PENSIONABLE EMOLUMENTS immediately before his death, in accordance with the following table:

Number of QUALIFYING CHILDREN	Percentage of MEMBERS' PENSIONABLE EMOLUMENTS
1	10%
2	20%
3 or more	30%

Subject to RULE 6.2(1), the PENSION payable to the QUALIFYING CHILDREN of a MEMBER is doubled for any month for which no PENSION is payable to a QUALIFYING SPOUSE of the MEMBER in terms of (b) above;

- (d) after the last payment of a QUALIFYING SPOUSE'S PENSION and/or QUALIFYING CHILDREN'S PENSION has been made in terms of Rule 9.1, the TRUSTEES shall deduct the total amount paid to the QUALIFYING SPOUSE, QUALIFYING CHILDREN and DEPENDANTS and/or NOMINEES, including any amount which may have been paid in a lump sum, from the amount of the MEMBER'S SHARE at the date of death. Should there be any positive difference, such positive difference shall be paid to the MEMBER'S DEPENDANTS and/or NOMINEES and/or into the PENSIONER'S estate.

(2) **Death after retirement**

On the death of a PENSIONER other than a PENSIONER who was a DEFINED BENEFIT MEMBER his PENSION shall cease as provided for in RULE 9.1(2). The following benefits shall then be payable:

- (a) a lump sum of R2 000, or such other amount as decided by the TRUSTEES from time to time, subject to the maximum amount permitted in terms of income tax legislation; and
- (b) a PENSION to his QUALIFYING SPOUSE, commencing on the PENSIONER'S death, equal to 75% of the PENSION payable immediately prior to the commencement of the PENSION to the QUALIFYING SPOUSE; and
- (c) a PENSION to the QUALIFYING CHILDREN of the PENSIONER equal in total to a percentage of the PENSIONER'S PENSION immediately before his death, in accordance with the following table:

Number of QUALIFYING CHILDREN	Percentage of PENSIONER'S PENSION
1	10%
2 or more	20%

- (d) after the last payment of a QUALIFYING SPOUSE'S PENSION and/or QUALIFYING CHILDREN'S PENSION has been made in terms of Rule 9.1, the TRUSTEES shall deduct the total amount paid to the PENSIONER, his QUALIFYING SPOUSE, QUALIFYING CHILDREN, DEPENDANTS, and/or NOMINEES including any amount which may have been paid in a lump sum, 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 DEPENDANTS and/or NOMINEES, and/or into the PENSIONER'S estate.

## 6.2 Payment of pension to qualifying spouses and qualifying spouses and qualifying children

- (1) On the death of a MEMBER or PENSIONER other than a DEFINED BENEFIT MEMBER or a PENSIONER who was a DEFINED BENEFIT MEMBER, at the request of his QUALIFYING SPOUSE, the TRUSTEES may in their discretion commute for a cash payment to the QUALIFYING SPOUSE up to one-third of the PENSION payable to a QUALIFYING SPOUSE (or up to the whole thereof if allowed by income tax legislation), provided that such commutation takes place 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.

The amount of the cash payment shall be decided by the TRUSTEES after consultation with the ACTUARY. In the event of such commutation:

- (a) any PENSION payable in respect of QUALIFYING CHILDREN of the MEMBER or PENSIONER during the lifetime of the QUALIFYING SPOUSE will not be affected;
  - (b) the PENSION payable in respect of QUALIFYING CHILDREN of the MEMBER or PENSIONER after the death of the QUALIFYING SPOUSE will not be doubled but will be adjusted as decided by the TRUSTEES after consultation with the ACTUARY.
- (2) If the deceased MEMBER or PENSIONER referred to in (1) above leaves more than one QUALIFYING SPOUSE, the total QUALIFYING SPOUSES' PENSIONS payable shall be equal to the PENSION that would have been payable had there only been one QUALIFYING SPOUSE. Such PENSION shall be divided equally amongst the QUALIFYING SPOUSES; provided that the PENSION so payable to any QUALIFYING SPOUSE shall cease to be payable upon that QUALIFYING SPOUSE'S death.
- (3) PENSIONS in respect of QUALIFYING CHILDREN of a MEMBER or PENSIONER referred to in (1) above shall be paid to or for the benefit of such QUALIFYING CHILDREN in such proportions as the TRUSTEES may decide.

## 6.3 Additional death benefits

A MEMBER who dies in SERVICE and who has made additional contributions in terms of Rule 3.1(3), shall receive the benefits in terms of Rule 6.1 plus an additional benefit equal to the amount in his additional voluntary contribution account. The additional benefit shall be paid subject to the provisions of RULES 9.1, 9.2 and 9.3.



#### 6.4 Death of a defined benefit member

Notwithstanding anything to the contrary contained in these RULES, the conditions applicable to the payment of death benefits on the death of a DEFINED BENEFIT MEMBER, A-PENSIONER, B-PENSIONER, and a C-PENSIONER who was a DEFINED BENEFIT MEMBER and the amount of such benefits shall be set out in Annex A to these RULES.

#### 6.5 Disposition of pension benefits upon death of member

- (1) Any benefit payable by the FUND in respect of a deceased member, shall, subject to a pledge in accordance with any guarantee in terms of RULE 10.16 and not form part of the assets in the estate of such a MEMBER, but shall be dealt with in the following manner;
  - (a) If the FUND within twelve months of the death of the MEMBER becomes aware of or traces a DEPENDANT or DEPENDANTS of the MEMBER, the benefit shall be paid to such DEPENDANT or, as may be deemed equitable by the board, to one of such DEPENDANTS or in proportions to some of or all such DEPENDANTS.
  - (b) If the FUND does not become aware of or cannot trace any DEPENDANT of the MEMBER within twelve months of the death of the MEMBER, and the MEMBER has designated in writing to the fund a NOMINEE who is not a DEPENDANT of the MEMBER, to receive the benefit or such portion of the benefit as is specified by the MEMBER in writing to the FUND, the benefit or such portion of the benefit shall be paid to such NOMINEE: provided that where the aggregate amount of the debts in the estate of the MEMBER exceeds the aggregate amount of the assets in his estate, so much of the benefit as is equal to the difference between such aggregate amount of debts and such aggregate amount of assets shall be paid into the estate and the balance of such benefit or the balance of such portion of the benefit as specified by the MEMBER in writing to the fund shall be paid to the NOMINEE.
  - (c) If a MEMBER has a DEPENDANT and the MEMBER has also designated in writing to the FUND a NOMINEE to receive the benefit or such portion of the benefit as is specified by the MEMBER in writing to the FUND, the FUND shall within twelve months of the death of such MEMBER pay the benefit or such portion thereof to such DEPENDANT or NOMINEE in such proportions as the TRUSTEES may deem equitable: provided that this paragraph shall only apply to the designation of a NOMINEE made on or after 30 June 1989: provided further that, in respect of a designation made on or after the said date, this paragraph shall not prohibit a FUND from paying the benefit, either to a DEPENDANT or NOMINEE contemplated in this paragraph or, if there is more than one such DEPENDANT or NOMINEE, in proportions to any or all of those DEPENDANTS and NOMINEES.
  - (d) if the FUND does not become aware of or cannot trace any DEPENDANT of the MEMBER within twelve months of the death of the MEMBER and if the MEMBER has not designated a NOMINEE or if the MEMBER has designated a NOMINEE to receive a portion of the benefit in writing to the FUND, the benefit or the remaining portion of the benefit after payment to the designated NOMINEE, shall be paid into the estate of the MEMBER or, if no inventory in respect of the MEMBER has been received by the master of the high court in terms of section 9 of the Estates Act, 1965 (act no. 66 of 1965), into the Guardian's Fund.
- (2) For the purposes of this section, a payment by a registered FUND to a TRUSTEE contemplated in the Trust Property Control Act, 1988 ([Act No. 57 of 1988](#)), for the benefit of a DEPENDANT or NOMINEE contemplated in this section shall be deemed to be a payment to such DEPENDANT or NOMINEE.
- (3) Any benefit dealt with in terms of this section, payable to a minor DEPENDANT or minor NOMINEE, may be paid in more than one payment in such amounts as the board may from time to time consider appropriate and in the best interests of such DEPENDANT or NOMINEE: provided that interest at a reasonable rate, having regard to the investment

return earned by the FUND, shall be added to the outstanding balance at such times as the board may determine: provided further that any balance owing to such a DEPENDANT or NOMINEE at the date on which he or she attains majority or dies, whichever occurs first, shall be paid in full.

- (4) (a) Any benefit dealt with in terms of this section, payable to a major DEPENDANT or major NOMINEE, may be paid in more than one payment if the DEPENDANT or NOMINEE has consented thereto in writing: provided that—
  - (i) the amount of the payments, intervals of payment, interest to be added and other terms and conditions are disclosed in a written agreement; and
  - (ii) the agreement may be cancelled by either party on written notice not exceeding 90 days.
- (b) If the agreement contemplated in paragraph (a) is cancelled the balance of the benefit shall be paid to the DEPENDANT or NOMINEE in full.

## 7. Disability

- 7.1 If at any time prior to his NORMAL RETIREMENT DATE a MEMBER other than a DEFINED BENEFIT MEMBER becomes disabled, as a result of an accident, a disease or an illness, to the extent that he cannot pursue his occupation for which he is qualified by his training and experience, the MEMBER shall; provided he is not declared PERMANENTLY DISABLED, become entitled to disability income in terms of a separate group disability scheme instituted by the EMPLOYER.
- 7.2 For as long as the MEMBER is entitled to a disability income as contemplated in RULE 7.1 the following shall apply:
  - (1) the MEMBER will remain a MEMBER of the FUND, contributions by and on behalf of him will continue to be payable and he will remain entitled to rights and benefits in terms of the RULES;
  - (2) the MEMBER'S PENSIONABLE EMOLUMENTS will, for the purposes of the RULES, be the amount of the disability income that he receives from the said disability scheme;
  - (3) the MEMBER will be deemed to have retired in terms of RULE 5.1 upon his attainment of his NORMAL RETIREMENT DATE, from which date the MEMBER will cease to be entitled to such disability income.
- 7.3
  - (1) If the TRUSTEES, after taking medical advice, decide that a MEMBER other than a DEFINED BENEFIT MEMBER is PERMANENTLY DISABLED, the MEMBER shall retire from SERVICE and become entitled to a PENSION equal to 65% of his PENSIONABLE EMOLUMENTS from the time of his PERMANENT DISABLEMENT.
  - (2) At the request of the MEMBER made at the time of retirement in terms of this RULE, the TRUSTEES may at their discretion commute for a cash payment up to one-third of the PENSION described in (1) above. Such cash payment shall be calculated by the ACTUARY and shall vest on the first day of the month immediately following the day such MEMBER leaves the SERVICE of the EMPLOYER. The PENSION shall be reduced by the amount thereof which is commuted in terms of these RULES.
  - (3) If a PENSIONER who retired in terms of (1) above dies, the provisions of Rule 6.1(2) shall apply *mutatis mutandis*.
  - (4) A MEMBER who retires in terms of (1) above and who has made additional contributions in terms of Rule 3.1(3) shall receive an additional benefit secured by such additional contributions on such terms and conditions as the TRUSTEES determine after consultation with the ACTUARY. A retiring MEMBER may choose to receive as a lump sum benefit up to one-third of the balance in his additional voluntary contribution account.



#### 7.4 Disability of a defined benefit member

Notwithstanding anything to the contrary contained in these RULES, the conditions applicable to the payment of a disability benefit to a DEFINED BENEFIT MEMBER and the amount of the benefit payable shall be as set out in Annex A to these RULES.

### 8. Withdrawal

#### 8.1 Cash withdrawal benefit

- (1) If a MEMBER other than a DEFINED BENEFIT MEMBER leaves SERVICE prior to his NORMAL RETIREMENT DATE, other than on retirement from SERVICE or death, and is not entitled to benefits under any other RULE, an amount equal to the MEMBER'S ACCUMULATED CONTRIBUTIONS shall be paid to him.

PLUS

An additional amount, equal to a percentage of the difference between the MEMBER'S ACCUMULATED CONTRIBUTIONS and the MEMBER'S SHARE depending on the number of completed years' SERVICE as set out in the table below:

Number of completed years' SERVICE	Initial Percentage*	Monthly Percentage Increase*	Ultimate Percentage*
less than 1	0%	0.0%	0%
1 but less than 2	0%	0.5%	20%
2 but less than 3	0%	1%	40%
3 but less than 4	0%	1.5%	60%
4 but less than 5	0%	2%	80%
5 or more	0%	2.5%	100%

Notwithstanding the foregoing provisions, a MEMBER who is at least 55 years of age at the date of leaving SERVICE, or who due to a reduction in or a reorganisation of staff is dismissed by the EMPLOYER, shall be granted his MEMBER'S SHARE regardless of the period of completed years' SERVICE.

- (2) The TRUSTEES may, in their absolute discretion, withhold payment of the cash withdrawal benefit in terms of this RULE for a maximum period of three months from the date on which the MEMBER left SERVICE.

\*

The initial percentage is increased monthly on a *pro rata* basis over a period of 40 months towards the ultimate percentage with the first increase to be effective from 31 December 2005 and the last from 31 March 2009.

- (3) A MEMBER other than a DEFINED BENEFIT MEMBER may elect to preserve any amount of his entitlement in terms of the above, that he does not take in cash:
- (a) by transferring such amount to an APPROVED RETIREMENT ANNUITY FUND or an APPROVED PRESERVATION PENSION FUND of his choice, or
  - (b) by transferring such amount to an APPROVED PENSION FUND which is operated for the benefit of the employees of the employer with whom the withdrawing MEMBER is taking up employment and which the MEMBER is compelled to join.

#### 8.2 Additional withdrawal benefit

A MEMBER other than a DEFINED BENEFIT MEMBER who leaves SERVICE in terms of this Rule 8 and who has made additional contributions in terms of Rule 3.1(3) shall receive an additional lump sum benefit equal to the value of such additional contributions as determined in Rule 2.2(1)(b).

#### 8.3 Withdrawal of a defined benefit member

Notwithstanding anything to the contrary contained in these RULES, the conditions applicable to respect of a DEFINED BENEFIT MEMBER who leaves SERVICE prior to his NORMAL RETIREMENT DATE and is not entitled to benefits under any other Rule and the amount of the benefit payable shall be determined in accordance with Annex A to these RULES.

### 9. Miscellaneous provisions regarding benefits

#### 9.1 Payment of benefits

- (1) Amounts payable in respect of a MEMBER or PENSIONER during his lifetime shall be paid to such MEMBER or PENSIONER.
- (2) The first payment of a PENSION shall be due at the end of the calendar month following the month in which:
  - (a) a MEMBER retires or dies, or
  - (b) a PENSIONER or A-, B- or C-PENSIONER dies.

The last payment shall be that due at the end of the calendar month in which:

- (i) a PENSIONER or A-, B- or C-PENSIONER dies, subject to the provisions of RULE 6.1(2),
- (ii) the QUALIFYING SPOUSE or QUALIFYING WIDOW dies in the case of a QUALIFYING SPOUSE'S or QUALIFYING WIDOW'S PENSION,
- (iii) a QUALIFYING CHILD ceases to be a QUALIFYING CHILD.

These provisions shall apply, *mutatis mutandis*, if PENSIONS are payable quarterly, half-yearly or annually at the request of the retiring MEMBER.

- (3) 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 immediately prior to such commencement, change or termination.
- (4) The TRUSTEES shall be entitled to request proof to their satisfaction as to the identity and right of any BENEFICIARY to any benefit before payment of any benefit is made to such BENEFICIARY.
- (5) Whenever a benefit is payable to any BENEFICIARY, such benefit shall be paid by means of electronic transfer into the account of the BENEFICIARY with a bank registered in terms of the Banks Act, 1990 ([Act No. 94 of 1990](#)), as amended, or, if no such account exists or the BENEFICIARY has not provided the particulars thereof to the FUND, such benefits shall be paid by means of a cheque or cheques posted by registered mail to such BENEFICIARY'S

postal address. The BENEFICIARY shall inform the FUND in writing of the particulars of his bank account and/or his postal address.

## 9.2 Payment other than specified

- (1) Notwithstanding a contrary provision contained in the RULES, if the TRUSTEES, in their absolute discretion, for some good and sufficient reason deem it not advisable to make payment of a benefit in the manner elsewhere provided for in these RULES, they may pay the benefit in one of the following ways:
  - (a) To a trustee contemplated in the Trust Property Control Act, 1988 ([Act No. 57 of 1988](#)), for the benefit of the BENEFICIARY, in the case of death benefits; and/or
  - (b) Where a BENEFICIARY is a minor, to the guardian of such minor, in the case of benefits other than death benefits; and/or
  - (c) Where the court has appointed a *curator bonis* for a BENEFICIARY, to the *curator bonis* for the benefit of such BENEFICIARY. Where a BENEFICIARY is contractually incapacitated, to the curator of such BENEFICIARY, for the benefit of the BENEFICIARY, in the case of benefits other than death benefits; and/or
  - (d) Any lump sum benefit payable in terms of Rule 6.1 may be paid in instalments subject to the provisions of Rule 6.5.
- (2) A decision of the TRUSTEES in terms of this Rule may be varied by them from time to time in their sole discretion.
- (3) A payment made in terms hereof shall not be made in a manner which conflicts with the provisions of these RULES.

## 9.3 Limitation

The following conditions shall apply to every MEMBER notwithstanding anything to the contrary contained in RULES 6 and 7:

- (1) The TRUSTEES may, after consultation with the ACTUARY, reinsure the benefits described in RULES 6 and 7 with an INSURER. The said benefits shall be subject to the conditions imposed by the INSURER concerned and each MEMBER shall only be entitled to the said benefits to the extent that he is accepted by the said INSURER for such benefits; provided that the TRUSTEES may, in their absolute discretion and after consultation with the ACTUARY, make provision for payment out of the Reserve Account of part of any benefit which has been reduced or for payment of the whole benefit, where the said INSURER has refused to admit a claim in respect of any benefit.
- (2) Any MEMBER in respect of whom the benefits in terms of RULES 6 and 7 are restricted in terms hereof shall be informed of the extent of such restriction by the TRUSTEES within a reasonable time period of the TRUSTEES becoming aware of the restriction.

## 9.4 Benefits inalienable

No benefit or right thereto or right in respect of contributions made by or on behalf of a MEMBER, PENSIONER or A-, B- or C-PENSIONER provided for in the RULES shall be reducible, transferable or executable save as is provided for in these RULES.

## 9.5 Lien over benefits

- (1) Any benefit payable in respect of a BENEFICIARY in terms of the RULES on a MEMBER'S retirement or termination of Membership for whatever reason may be subject to a deduction by the TRUSTEES as provided for in RULE 9.11.
- (2) In order to give effect to the provisions of this RULE 9.11 and of RULE 9.12, the TRUSTEES may exercise the right to payment of a lump sum benefit as provided for in RULE 5.3(1) on behalf of the MEMBER concerned; provided that in giving effect to the provisions of RULE

9.12, any amount due to the EMPLOYER in terms of this RULE, shall, on the date of the MEMBER'S retirement or on which he ceases to be a MEMBER of the FUND, be deducted from the benefit payable to such BENEFICIARY.

#### 9.6 Unclaimed moneys

If a BENEFICIARY in terms of the RULES does not claim moneys payable to him within three years of the date of such moneys becoming payable, other than in the case of death benefits, such moneys shall revert to the FUND by way of a credit to the unallocated surpluses component of the Reserve Account provided that the BENEFICIARY may claim such moneys from the FUND at any time in the future and the TRUSTEES shall authorise such payment to the BENEFICIARY.

#### 9.7 Greater benefits and increase of benefits

- (1) The TRUSTEES may, at the request of the EMPLOYER, increase any benefit payable to or in respect of any MEMBER on such basis as shall be determined after consultation with the ACTUARY, subject to such conditions as they may impose and subject to the approval of the COMMISSIONER. The cost of providing such greater benefits, as decided by the TRUSTEES acting on the advice of the ACTUARY, shall be paid by the EMPLOYER.
- (2) PENSIONS shall be increased from time to time at a rate decided by the TRUSTEES after consultation with the ACTUARY, subject to the provisions of RULE 3.2(1)(d).

#### 9.8 Transfers from or to other funds

The TRUSTEES may, after consultation with the ACTUARY and on conditions determined by them, approve special arrangements for the preservation of transferred pension rights, which may make provision, *inter alia*, for the following:

- (1) In respect of persons who were members of another pension or provident fund and who become MEMBERS of the FUND:
  - (a) For the amendment of the conditions of the FUND in respect of such MEMBERS, having regard to the conditions that applied to such MEMBERS under such other fund.
  - (b) For the recognition of certain periods of former service for the purposes of determining the MEMBER'S benefits in terms of these RULES.
  - (c) For the payment by such persons or such other fund of contributions in respect of such MEMBER'S benefits.
- (2) In respect of a person who was a MEMBER of the FUND and within three months of his withdrawal from the FUND, other than on retirement from SERVICE, becomes a MEMBER of an APPROVED PENSION FUND, APPROVED PRESERVATION PENSION FUND or an APPROVED RETIREMENT ANNUITY FUND—
  - (a) that no withdrawal benefit shall be paid by the FUND under RULE 8 in respect of such MEMBER; and
  - (b) for the payment to such other fund of an amount equal to the MEMBER'S SHARE.

Such special arrangements and the conditions determined in respect thereof shall have the effect of amending any provision of the RULES not compatible therewith in respect of such person.

#### 9.9 Currency

Contributions and benefits are payable in the currency of the Republic of South Africa.

#### 9.10 Moneys not to revert to employer

The EMPLOYER shall not derive any monetary advantage from moneys paid into or out of the FUND and no moneys of the FUND shall become the property of the EMPLOYER other than specifically provided for in the RULES.

**9.11 Pension benefits not reducible, transferable or executable**

- (1) No benefit or right to such benefit, or right in respect of contributions made by or on behalf of a MEMBER, shall be capable of being reduced, transferred or otherwise ceded, or of being pledged to any person, or be liable to be attached or subjected to any form of execution under a judgment or court order.
- (2) In the event of the MEMBER OR BENEFICIARY concerned attempting to transfer or otherwise cede, or to pledge such benefit or right, the FUND may withhold or suspend payment of the benefit: provided that the FUND may pay any benefit or part thereof, to any one or more of the DEPENDANTS of the MEMBER or BENEFICIARY, or to a guardian or trustee for the benefit of such DEPENDANT.
- (3) The provisions of Rule 9.11(1) above shall not apply in regard to any amounts which the FUND may reduce or settle any debt in terms of RULE 9.12, and any amounts which are owed to a FUND in respect of arrear contributions.

**9.12 Deductions from benefits**

- (1) The FUND may deduct any amount due to the FUND in respect of any amount for which the FUND is liable under a guarantee furnished by the FUND in respect of a loan by some other person to a MEMBER for any purpose referred to in RULE 10.16, from the benefit to which the MEMBER or a BENEFICIARY is entitled in terms of the RULES of the FUND. The amount will not exceed the amount which in terms of the Income Tax Act, 1962 (act no. 58 of 1962), may be taken by a MEMBER or BENEFICIARY as a lump sum benefit as defined in the Second Schedule to that Act;
- (2) Any amounts due by a MEMBER to his EMPLOYER shall be paid on the date of his retirement or the date on which he ceases to be a MEMBER of the FUND.
- (3) Any compensation (including any legal costs recoverable from a MEMBER) in respect of any damage caused to the EMPLOYER by reason of any theft, dishonesty, fraud or misconduct by the MEMBER, and which the MEMBER has in writing admitted liability to the employee, or judgement has been obtained against the MEMBER in any court, may be withheld and payable in respect of the MEMBER or to the EMPLOYER concerned.
- (4) Any amounts which the FUND has paid or will pay by arrangement with a MEMBER OR BENEFICIARY in respect of—
  - (i) any MEMBER'S or BENEFICIARY'S subscription to a duly registered Medical Scheme, or any insurance premium payable by such MEMBER or BENEFICIARY to an INSURER for any purpose approved by the registrar, may be paid over to the Medical Scheme or INSURER.

**10. Management of the Fund****10.1 Board of trustees as at conversion date**

As at the CONVERSION DATE, the FUND shall be managed by the Board of TRUSTEES that were in office immediately prior to that date.

Notwithstanding the provisions stated above, within 6 (six) months of the CONVERSION DATE a new Board of TRUSTEES will be appointed in accordance with the provisions of 10.2 below.

## 10.2 Board of trustees

- (1) Subject to paragraph (4) below the management, control and administration of the FUND vest in a Board of TRUSTEES consisting of up to a maximum of 14 persons who shall be appointed as follows:
  - (a) 50% of the TRUSTEES shall be appointed by the PRINCIPAL EMPLOYER, and may include MEMBERS of the FUND, persons who are not MEMBERS of the FUND, and independent persons with specific expertise.
  - (b) The remaining 50% shall be composed as follows:
    - (i) Two TRUSTEES to represent A-, B-, and C-PENSIONERS and PENSIONERS. One such TRUSTEE will be appointed by the TRUSTEES, whilst the other will be elected at such time and manner as the TRUSTEES may deem fit. The first such TRUSTEE shall be appointed in terms of (4) below:
    - (ii) The remaining TRUSTEES shall be appointed by the RECOGNISED TRADE UNIONS on the following basis:
      - (a) The majority recognised union three representatives;
      - (b) Other recognised unions two representatives;

The above representation shall be subject to the proviso that if there is only one recognised union, that union shall be entitled to have five TRUSTEES on the Board.
- (2) The date for purposes of determining the number of MEMBERS represented by a RECOGNISED TRADE UNION as contemplated in (1) above shall be one month prior to the commencement of the TRUSTEES' term of office.
- (3) Every party who nominates or appoints a TRUSTEE or TRUSTEES shall nominate or appoint a secundus for such TRUSTEE. The PENSIONER secundus for the PENSIONER TRUSTEE shall be appointed or elected in the same manner as in Rule 10.2(1)(b).
- (4) The TRUSTEES shall be appointed in terms of (1) above and thereafter appointments shall be made on 1 April of every second year.
- (5) A TRUSTEE ceases to be a TRUSTEE if:
  - (a) he resigns as a TRUSTEE; or
  - (b) he becomes mentally or physically incapable of acting; or
  - (c) his estate is sequestrated or surrendered or assigned in favour of his creditors; or
  - (d) he is convicted by a competent court of theft, fraud, forgery or any similar offence; or
  - (e) he is discharged by a competent court from any office of trust on account of misconduct; or
  - (f) he is convicted by a competent court on any charge and sentenced to a prison term without the option of a fine; or
  - (g) he has been appointed in terms of RULE 10.2(1)(a) and the PRINCIPAL EMPLOYER so decides.
- (6) Should a TRUSTEE cease to be a TRUSTEE for any reason prior to the completion of his term of office, the party who appointed such TRUSTEE shall be entitled to appoint a TRUSTEE in his place for the remainder of the original TRUSTEE'S term of office.
- (7) The TRUSTEES shall elect one of the TRUSTEES to act as chairman at all meetings of the TRUSTEES, and a further TRUSTEE as vice-chairman to act in the place of the chairman in his absence, to the absence of both the chairman and vice-chairman of any meeting, the

TRUSTEES present shall elect one of their members to act as chairman for that meeting. The TRUSTEES shall re-elect a chairman and vice-chairman every two years.

#### 10.3 Meetings of the Board of Trustees

- (1) The TRUSTEES shall meet from time to time as is necessary to conduct the business of the FUND; a quorum shall be the majority of TRUSTEES. If a quorum is not present within thirty minutes after the time set for the commencement of the meeting, the meeting shall adjourn for a period of at least one week. At such adjourned meeting, the TRUSTEES then present shall constitute a quorum.
- (2) At all meetings the decision of the majority shall be binding. The chairman of the meeting shall only have a deliberative vote.
- (3) Decisions shall be taken by the TRUSTEES by a counting of hands or, if so requested by any TRUSTEE present at the meeting, by ballot paper.
- (4) A resolution in writing signed by all the TRUSTEES then present in the Republic of South Africa shall be as effective as if it had been passed at a meeting of the TRUSTEES duly convened and held.
- (5) The TRUSTEES shall cause minutes to be taken at all its meetings and such minutes signed by the chairman of the meeting concerned shall constitute *prima facie* proof of the proceedings of such meeting.
- (6) A special meeting shall be convened at any time on the instruction of the chairman or on a motivated written request of any five TRUSTEES or on a written request of a lesser number of TRUSTEES as may be acceptable to the chairman, having regard to the number of MEMBERS those TRUSTEES may represent.
- (7) The chairman shall be responsible for the orderly conduct of meetings of the TRUSTEES, and shall have the right to suspend or exclude from the meeting any TRUSTEE who deliberately disregards the authority of the chairman or who hinders the activities of the TRUSTEES.

#### 10.4 Powers of the Board of Trustees

Subject to the provisions of the ACT the TRUSTEES shall be empowered to carry out the objects and purposes of the FUND in accordance with the RULES and, without prejudice to the general purport of this provision, shall have the following powers:

- (1) to receive, administer and apply the moneys of the FUND;
- (2) to contract on behalf of the FUND and to sign such contract or other document on behalf of the FUND, to institute any legal action or process for the FUND and to conduct, settle or abandon such action or process, to defend or settle any legal action or process instituted against the FUND;
- (3) to raise, borrow or lend moneys, at interest or otherwise, for the purposes of the FUND; provided that borrowing shall be limited to temporary loans for bridging unforeseen cash shortages or for taking advantage of attractive investment opportunities;
- (4) to acquire, hold, alienate or otherwise deal with any movable or immovable property of the FUND subject to the RULES of the FUND; provided that any immovable property acquired in excess of the FUND'S own requirements at any stage may be let;
- (5) to invest, lend, put out at interest, place on deposit, make advances of or otherwise deal with all moneys of the FUND upon such securities and in such manner as they may determine from time to time; and, in particular, to invest the whole or part of the moneys of the FUND, for such period and on such terms as they may determine, in an investment policy issued by an INSURER; provided that the TRUSTEES may delegate their powers to make investments of any nature to any one or more of their members, or to a financial institution as defined in the Financial Institutions (Investment of Funds) Act, 1984 ([Act No. 39 of 1984](#)), or to a person approved in terms of Section 4(1)(f) of the Stock Exchanges Control Act, 1985 ([Act No. 1 of](#)



1985), and may defray expenses incurred as a result of such delegation out of the moneys of the FUND;

- (6) to furnish a guarantee in respect of a loan to any MEMBER granted by another person for such purpose; provided that any guarantee in respect of such loan in terms of this RULE shall be repaid immediately on termination of the MEMBER'S SERVICE, and may, in accordance with the provisions of RULE 9.5 of the RULES be deducted from any benefit payable in respect of such MEMBER to which a BENEFICIARY becomes entitled;
- (7) to reinsure with an INSURER any benefits provided by the FUND to its MEMBERS and to act on behalf of the FUND and the MEMBERS in all negotiations with such INSURER;
- (8) to delegate the exercise of any of their powers and the performance of any of their functions to a management committee, sub-committee or any other person or persons, subject to any conditions they may determine;
- (9) to make, amend and rescind resolutions in respect of any matter concerning the FUND, provided that such resolutions do not conflict with the RULES;
- (10) to take, generally, such steps as are, in their discretion, conducive to the attainment of the objects of the FUND.

#### 10.5 Principal officer

- (1) The EMPLOYER shall appoint a principal officer and, if deemed necessary, any other staff.
- (2) If the principal officer is absent from the Republic of South Africa for a period exceeding 30 days or is otherwise unable to perform his duties, the EMPLOYER shall appoint another person to act as principal officer during the period of his absence or disability.

#### 10.6 Auditor

- (1) The TRUSTEES shall appoint an AUDITOR and each such appointment shall remain in force until the AUDITOR is discharged by the TRUSTEES or the AUDITOR resigns his appointment.
- (2) The AUDITOR shall have access to all books, vouchers, accounts and other documents pertaining to the FUND and shall certify in writing the result of each audit.

#### 10.7 Books of account

- (1) The TRUSTEES shall ensure that such accounts, entries, registers and records as are necessary for the proper management of the FUND are kept. The books of account must be closed off as at the last day of March in each year and be audited by the AUDITOR of the FUND.
- (2) The accounts shall be approved by the TRUSTEES and a copy thereof shall be available for inspection by MEMBERS and BENEFICIARIES of the FUND.

#### 10.8 Actuary

The TRUSTEES shall appoint an ACTUARY who shall be the ACTUARY of the FUND and such appointment shall remain in force until rescinded by the TRUSTEES or withdrawn by the ACTUARY.

#### 10.9 Actuarial valuations

- (1) The TRUSTEES shall keep such registers and records as will enable the ACTUARY to undertake an actuarial valuation of the FUND at any time.
- (2) The FUND shall be valued by the ACTUARY at intervals not exceeding three years. The ACTUARY shall submit a valuation report to the TRUSTEES within twelve months of the date of valuation. The TRUSTEES shall send a copy of such report to the PRINCIPAL EMPLOYER and shall indicate the action they and/or the EMPLOYER propose taking with regard to any recommendation made by the ACTUARY in his report. The TRUSTEES shall submit a copy



of the report to the MINISTER and the Minister of Finance within twelve months of the valuation date.

- (3) In carrying out such valuation, the ACTUARY shall estimate what portion of the investment earnings is attributable to the various accounts as well as the required balances in the individual Reserve Accounts. The basis of such estimated portion shall be subject to the approval of the TRUSTEES.
- (4) If the valuation reveals a surplus, such surplus may be allocated to the various accounts in such proportions and in such manner as decided upon by the TRUSTEES, after consultation with the ACTUARY, to be utilised in terms thereof to increase the benefits supported by such accounts. If the valuation reveals a shortfall, the TRUSTEES shall cause such shortfall to be eliminated as recommended by the ACTUARY, subject to the provisions of RULE 3.2(1)(c) and (d).

#### **10.10 Bank account**

- (1) The TRUSTEES shall cause accounts to be opened in the name of the FUND at any registered banking institution and may from time to time authorise cheques, bills or other documents relating to such accounts and pertaining to the FUND to be signed or endorsed by any person as they deem fit.
- (2) All moneys received by or on behalf of the FUND shall be paid into one of these accounts.

#### **10.11 Records and safe custody of securities**

- (1) The TRUSTEES shall ensure that complete records are kept of all the necessary-particulars of the MEMBERS and any other persons entitled to benefits and of all other matters essential to the efficient administration of the FUND.
- (2) All mortgage bonds, title deeds and other securities belonging to or held by the FUND shall, unless temporarily held in custody by others for the purposes of the FUND, be stored in safe custody in the safe or strongroom at the registered office of the FUND or with any registered financial institution.
- (3) All assets and securities belonging to or held by the FUND shall be registered in the name of the FUND or in the name of a nominee company.

#### **10.12 Signing of documents**

Any two TRUSTEES so authorised by the TRUSTEES shall sign any agreement or document which is binding on the FUND or which authorises action on behalf of the FUND.

#### **10.13 Indemnification**

The TRUSTEES and all 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.

#### **10.14 Fidelity insurance**

The TRUSTEES shall—

- (1) insure the FUND at the FUND'S expense against loss resulting from dishonesty or fraud of any of its officers (including the TRUSTEES and any person to whom they have delegated their functions) having the receipt or charge of moneys belonging to the FUND,
- (2) ensure that any other party including the EMPLOYER has insurance protection against loss resulting from dishonesty or fraud of any other person having the receipt or charge of moneys belonging to the FUND.

### 10.15 Expenses

The expenses related to the management and administration of the FUND, including the cost of audits, actuarial investigations and investment expenses shall be borne by the FUND.

### 10.16 The furnishing of guarantees by the Fund to members

- (1) The FUND may, at the discretion of the TRUSTEES, furnish a guarantee in respect of a loan to a MEMBER by a person other than the FUND, against security of immovable property which belongs to the MEMBER or his or her spouse and on which a dwelling has been or will be erected which is occupied or, as the case may be, will be occupied by the MEMBER or a DEPENDANT of the MEMBER.

Such guarantee must be to enable the MEMBER:

- (i) to purchase a dwelling, or to purchase land and erect a dwelling on it, for occupation by the MEMBER or a DEPENDANT of the MEMBER; or
  - (ii) to make additions or alterations to or to maintain or repair a dwelling which belongs to the MEMBER or his or her spouse and which is occupied or will be occupied by the MEMBER or a DEPENDANT of the MEMBER.
- (2) Any guarantee for a loan as contemplated in RULE 10.16(1) above, shall not be granted unless secured by a pledge of the benefits to which the member is entitled in terms of the RULES of the FUND.
- (3) Any guarantee contemplated in RULE 10.16(1) shall be granted under such conditions and to a limit as determined by the trustees from time to time.

## 11. General

### 11.1 Proof of age and particulars

Every MEMBER must submit proof of age satisfactory to the TRUSTEES and furnish such other information as is required by the TRUSTEES. No benefits, other than a cash resignation benefit, shall be paid in respect of any MEMBER until such proof of age has been submitted and such other information furnished.

### 11.2 Beneficiaries are deferred creditors

The BENEFICIARIES in terms of the RULES are deferred creditors of the FUND and their claim in their capacity as BENEFICIARIES shall not be met until the claims of ordinary creditors have been paid.

### 11.3 Conditions of service unchanged

- (1) Nothing in the RULES shall restrict the right of the EMPLOYER to dismiss any ELIGIBLE EMPLOYEE, or the right of any ELIGIBLE EMPLOYEE to leave the SERVICE of his EMPLOYER provided he fulfils the conditions of his service.
- (2) No benefit, right or interest to which a MEMBER is or may have been entitled in terms of the RULES shall be grounds for a claim for damages in any action brought by such MEMBER against the EMPLOYER or the FUND.
- (3) Nothing in the RULES shall in any way prejudice the right of a MEMBER or his DEPENDANT to claim compensation or damages in terms of Common Law or any law governing workman's compensation, and the benefits payable in terms of the RULES shall not be reduced by any payment made under any such law.

#### 11.4 Amendments to the Rules

- (1) The TRUSTEES may at any time amend the RULES by a majority of votes, provided that:
  - (a) the value of a MEMBER'S SHARE prior to such amendment shall not be reduced;
  - (b) the amendment is approved by the PRINCIPAL EMPLOYER where the amendment affects the EMPLOYER'S financial commitment or liability in relation to the FUND, as well as where any employment relationship with the EMPLOYEES may be affected;
  - (c) the amendment is not inconsistent with the RULES or of the Income Tax Act, 1962 ([Act No. 58 of 1962](#));
  - (d) the rights and benefits of all BENEFICIARIES transferred from the PREVIOUS FUND in terms of RULE 4.1 which vested immediately before such transfer, is not prejudiced by such amendment;
  - (e) the MINISTER and the Minister of Finance grant their approval for such amendment;provided further that the limitations in (a) and (b) above shall not apply to amendments required to ensure that the FUND will be able to meet its obligations in terms of a certificate issued by the ACTUARY; and provided further that any amendment to the RULES affecting the financial basis of the FUND shall be referred to the ACTUARY before being adopted.
- (2) Within six months after the FUND ANNIVERSARY of the FUND the principal officer shall notify the MEMBERS of all amendments to the RULES within the financial year,

#### 11.5 Members may obtain copies of documents

Every MEMBER shall on admission to Membership be entitled to a copy of the RULES or to a summary thereof supplied at his request. Every MEMBER shall also be entitled on demand to inspect and make copies of the current RULES of the FUND, the latest accounts of the FUND and the latest valuation report by the ACTUARY.

#### 11.6 Binding power of Rules

The provisions of the RULES and any resolution made thereunder by the TRUSTEES shall be binding on the MEMBERS, the FUND and its officials, and any person who institutes a claim against the FUND.

#### 11.7 Admission of additional employers

- (1) Any organisation, company or body subsidiary to or associated with the PRINCIPAL EMPLOYER which applies to participate in the FUND may be admitted as an EMPLOYER for the purposes of the RULES, subject to the approval of the PRINCIPAL EMPLOYER and the TRUSTEES on such conditions as they may determine.
- (2) The ACTUARY shall, after admission of an EMPLOYER, assess the balances in the Reserve Account in respect of each EMPLOYER participating in the FUND and determine equitably the amount, if any, to be credited to the MEMBERS' SHARES in respect of the MEMBERS employed by each EMPLOYER.

#### 11.8 Dissolution of Fund

- (1) The FUND may be dissolved:
  - (a) by the TRUSTEES; or
  - (b) by order of court; or
  - (c) if the EMPLOYERS decide unanimously that the FUND be dissolved, subject to 6 months' notice to the TRUSTEES; or

- (d) if the PRINCIPAL EMPLOYER should for any reason cease to operate; provided that if the PRINCIPAL EMPLOYER ceases to operate for the purposes of reconstruction or amalgamation, such reconstructed or amalgamated organisation shall have the right to replace the PRINCIPAL EMPLOYER in the FUND, in which event the FUND shall not otherwise be affected.
- (2) If the FUND is dissolved in terms of (1) above, the TRUSTEES shall appoint a liquidator, or if no liquidator is so appointed by the TRUSTEES, the MINISTER shall appoint a liquidator.
- (3) The liquidator shall allocate the balance in the Pensions Account to the BENEFICIARIES who are entitled to PENSIONS on a basis determined by the liquidator after consultation with the ACTUARY, and use each such BENEFICIARY'S allocation to purchase a pension from an INSURER. The conditions determined in respect of such pension shall as far as possible be similar to the PENSIONER'S PENSION. The liquidator shall simultaneously allocate the balance in the Share Account to each MEMBER, other than a DEFINED BENEFIT MEMBER in proportion to the MEMBERS' SHARES at the time. Such amount shall be invested in an APPROVED RETIREMENT ANNUITY FUND, an APPROVED PENSION FUND or an APPROVED PRESERVATION PENSION FUND. The liquidator shall, - furthermore, allocate the balance in the defined benefit reserve to the DEFINED BENEFIT MEMBERS in an equitable manner, as recommended by the ACTUARY and such amounts shall be invested in an APPROVED RETIREMENT ANNUITY FUND, an APPROVED PENSION FUND or an APPROVED PRESERVATION PENSION FUND. The Reserve Account excluding the defined benefit reserve shall be distributed equitably between the MEMBERS and PENSIONERS as decided by the liquidator after consultation with the ACTUARY.
- (4) Alternatively, the liquidator may determine another method of disposing of the assets of the FUND for the benefit of the MEMBERS and PENSIONERS, subject to the approval of the COMMISSIONER.
- (5) Every person who left the SERVICE of an EMPLOYER during the 12 month period immediately prior to the date of dissolution, either voluntarily or due to a reduction in or re-organisation of staff, shall for the purposes of this Rule be regarded as if he had been a MEMBER on the date of termination of the FUND, but the benefit already paid to him shall be taken into consideration in determining the amount payable to him.
- (6) If the FUND is terminated or dissolved in terms of conditions similar to those as contained under Section 28 of the Pension Funds Act, 24 of 1956, all monies remaining unclaimed for a period of six months from the date on which payment of benefits commenced after completion of all necessary formalities, shall be paid into the Guardian's Fund by the liquidator for the benefit of the BENEFICIARIES concerned, and thereafter there shall be no claim against the FUND or the EMPLOYER, The liquidator shall indicate in his final liquidation account the amount thus paid.
- (7) If the FUND is wound up under section 29 of the Pension Funds Act as mentioned, and the winding-up order does not specifically make Section 410 of the Companies Act, 1973 (Act No. 61 of 1973), applicable or direct otherwise regarding unclaimed monies, the provisions of (5) above shall apply.

#### 11.9 Withdrawal of an employer

- (1) Subject to the giving of three months\* (or such shorter period as is accepted by the TRUSTEES) notice by the EMPLOYER concerned to the TRUSTEES, an EMPLOYER may withdraw from the FUND in which case one of the following provisions shall apply:
  - (a) Subject to the provisions of (b) below, the provisions of RULE 11.8 shall apply *mutatis mutandis* in respect of MEMBERS in the SERVICE of the EMPLOYER concerned.
  - (b) If such EMPLOYER decides to establish a new fund or scheme or to participate in another fund or scheme for the purpose of providing retirement benefits for ELIGIBLE

EMPLOYEES who are MEMBERS thereof, the provisions of RULE 11.11 shall apply in respect of such EMPLOYER.

- (2) With the approval of, or if requested by the PRINCIPAL EMPLOYER, the TRUSTEES may request an EMPLOYER to withdraw from the FUND as from a date specified by them in which case the provisions of (1) above shall apply.
- (3) If an EMPLOYER ceases to operate for any reason, such cessation will be deemed a withdrawal from the FUND by such EMPLOYER for the purposes of this RULE, in which event (1)(a) above will apply.

#### 11.10 Transfer or amalgamation

If an EMPLOYER'S operation is transferred to or amalgamated with that of any other organisation, one of the following provisions shall apply:

- (1) If after such transfer or amalgamation there is no EMPLOYER in terms of the RULES, such other organisation may:
  - (a) replace such EMPLOYER in the FUND in which event the FUND shall not otherwise be affected; or
  - (b) decide that the FUND be dissolved in accordance with RULE 11.8.
- (2) Otherwise such other organisation may:
  - (a) continue to make contributions to the FUND in respect of the MEMBERS in SERVICE at the time of such transfer or amalgamation, subject to any conditions imposed by the TRUSTEES 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 ELIGIBLE EMPLOYEES of the new EMPLOYER who were MEMBERS of the FUND at the time of such transfer or amalgamation; or
  - (b) withdraw from the FUND in which case RULE 11.9 shall apply.

#### 11.11 New fund or scheme

- (1) If the EMPLOYER decides to establish a new fund or scheme for the principal purpose of providing retirement benefits for his ELIGIBLE EMPLOYEES or for certain of his ELIGIBLE EMPLOYEES, or to participate in another fund or scheme for this purpose, the TRUSTEES may, notwithstanding anything to the contrary in the RULES, apply each MEMBER'S SHARE of the FUND, as determined by the ACTUARY, to obtain benefits for the MEMBERS concerned under the new fund or scheme, in such manner as the TRUSTEES, after consultation with the ACTUARY and with the approval of the MINISTER;
- (2) In determining a MEMBER'S SHARE of the FUND for the purposes of (1) above, the ACTUARY shall consider the equity between the groups of MEMBERS participating in the FUND and recommend what portion, if any, of the Reserve Account shall be transferred with the MEMBER'S SHARE of the FUND to the new fund or scheme.
- (3) The EMPLOYER shall have the right to request that the BENEFICIARIES who are entitled to a PENSION who were employed by him prior to their retirement, be transferred to the new fund or scheme, in which case the TRUSTEES shall transfer the appropriate proportion of the Pensions Account, as determined by the ACTUARY, to such new fund or scheme.

## 12. Disputes

- 12.1 If any dispute, including but not limited to a dispute concerning interpretation of the RULES, arises between—
  - (i) any person who is or claims to be a MEMBER or former MEMBER of the FUND, and/or

- (ii) any person who is or claims to be a BENEFICIARY or former BENEFICIARY of the FUND, and/or
  - or
  - (iii) any person who is or claims to be an EMPLOYER as defined in the RULES of the FUND, and/or
  - or
  - (iv) the TRUSTEES acting jointly or individually, and/or
  - (iv) any person who has an interest in the dispute,
- and/or the successors in title to the abovementioned persons, the dispute shall be referred to mediation for a recommendation.
- 12.3 In the event that any of the parties are not satisfied with the recommendation of the mediator they may lodge a written complaint with the Adjudicator of Pension Funds as provided for in 12.3 below.
- [Please note: numbering as in original]*
- 12.4 In the event of any matter in RULE 12.1 being referred to mediation as provided for, the parties to any dispute will each nominate a senior member of the Society of Advocates with not less than 5 years stating Those members of the Society of Advocates shall appoint one other member of the Society to mediate in the dispute.
- 12.3.1 The mediator shall have the right to establish the method and procedure of hearing the dispute.
- 12.3.2 The mediator shall have the right to enlist the services of any expert as specialist in assisting him to mediate the dispute between the parties.
- 12.3.3 The question of costs shall be decided upon by the mediator.
- [Please note: numbering as in original]*
- 12.4 Should the complainant not be satisfied with the response or should the TRUSTERS or the EMPLOYER fail to respond within 30 days of the receipt of a complaint, he may refer this matter to the ADJUDICATOR as defined in the Pension Funds Act for a decision subject to the provisions of that act.

## Annex A

### Special provisions applicable to defined benefit members

Notwithstanding anything to the contrary contained elsewhere in these RULES this Annex A shall apply to all DEFINED BENEFIT MEMBERS.

#### 1. Definitions

ADDITIONAL ANNUITY AMOUNT: an annual amount equal to—

- (i) R360 in the case of an A-MEMBER;
- (ii) R300 in the case of a B-MEMBER;

or such other amount as the TRUSTEES may determine from time to time;

A-MEMBER: an officer or an EMPLOYEE who became an A-MEMBER in terms of clause 2.1(1) or (2);

AVERAGE TERMINAL SALARY the average of the MEMBER'S PENSIONABLE EMOLUMENTS over the last —

- (i) thirty-six months of his period of PENSIONABLE SERVICE in the case of an A or B-MEMBER; and
- (ii) twenty-four months of his period of PENSIONABLE SERVICE in the case of a C-MEMBER;

provided that, should the period of PENSIONABLE SERVICE be shorter than thirty-six and twenty-four months respectively, "average terminal salary" shall be the average annual PENSIONABLE EMOLUMENTS during such shorter period;

B-MEMBER: an EMPLOYEE who became a B-MEMBER in terms of clause 2.1(2);

C-MEMBER: a staff MEMBER who became a C-MEMBER in terms of clause 2.1(3);

CONTRACT EMPLOYEE: a B-MEMBER of the FUND who is employed only for a specific period in terms of his service contract;

GRATUITY: a nonrecurrent benefit amount payable in terms of the STATUTES;

INCOME TAX ACT: the Income Tax [Act, No. 58 of 1962](#), as amended;

INTEREST: compound interest at a rate as determined by the Board from time to time; provided that different interest rates may be determined in respect of different clauses of the STATUTES;

MINISTER: the Minister of Communications;

OFFICER; a person who was an officer as defined in section 1 of the Post Office Service [Act, No. 66 of 1974](#), as amended, immediately prior to 1 October 1991;

PENSIONABLE SERVICE: the period of uninterrupted service of a MEMBER as well as any other period regarded by the Board to be pensionable and in respect of which contributions have been made in terms of the STATUTES; provided that the period of PENSIONABLE SERVICE shall be expressed in years and portions of a year. Portions of a year shall be calculated according to proportion in which the number of days in the said portion of a year stands to three hundred and sixty-five days, rounded off to the nearest third decimal;

PENSION BENEFIT; a gratuity and/or an annuity, as the case may be;

PREVIOUS STATE FUND: The Government Employees Pension Fund (previously Government Service Pension Fund) established in terms of the Government Service Pension Fund [Act, No. 57 of 1973](#), as amended, or the Temporary Employees Pension Fund in terms of the Temporary Employees Pension Fund [Act, No. 75 of 1979](#), as amended, as the case may be;

PROSPECTIVE ANNUITY: the annuity that would have been payable to a MEMBER on his STATUTORY RETIREMENT DATE if his PENSIONABLE EMOLUMENTS would have remained unchanged from the date of his actual retirement or death up to and including his STATUTORY RETIREMENT DATE;

QUALIFYING SERVICE ; the period of uninterrupted service rendered up to and including the MEMBER'S STATUTORY RETIREMENT DATE, excluding other service recognised as PENSIONABLE SERVICE in terms of the STATUTES;

RECOGNISED TRADE ASSOCIATION: an organisation recognised as a trade association by the PRINCIPAL EMPLOYER in terms of an official agreement concluded between the PRINCIPAL EMPLOYER and such organisation; provided that such organisation represent persons who are MEMBERS of the FUND;

STAFF MEMBER: a person, excluding an official or an EMPLOYEE, who enters into the SERVICE of the EMPLOYER on or after 1 October 1991, including a full-time executive director who receives emoluments as well as director's fees, but excluding any person whose services are incidental or only for a limited period; provided that the EMPLOYER may request that the said exclusion be waived in a particular case;

STAFF REGULATIONS: the applicable conditions of SERVICE approved by the PRINCIPAL EMPLOYER to regulate staff matters between the EMPLOYER and persons in his SERVICE;

STATUTES: STATUTES governing these Rules as amended from time to time;

STATUTORY RETIREMENT AGE: the age of sixty years in the case of a B-MEMBER and sixty-five years in the case of an A and a C-MEMBER;



STATUTORY RETIREMENT DATE; the last day of the month in which a MEMBER reaches his statutory retirement age; or in the case of a MEMBER who reaches his STATUTORY RETIREMENT AGE on the first day of a month, the last day of the preceding month;

UNINTERRUPTED SERVICE: continuous service as a MEMBER of the FUND or a previous state fund from which a transfer was made to the FUND in terms of clause 7.8(1); provided that the following periods also be regarded as UNINTERRUPTED SERVICE:

- (i) A period of temporary absence in terms of clause 33.
- (ii) Transfer of a MEMBER from one EMPLOYER to another.

## 2. Membership

### 2.1 Acceptability and entry

- (1) An officer who prior to 1 October 1992 exercises the option of entering into the SERVICE of the EMPLOYER shall become an A-MEMBER of the FUND.
- (2) An employee who prior to 1 October 1992 exercises the option of entering into the SERVICE of the EMPLOYER shall become a B-MEMBER of the FUND; provided that an employee who is younger than 65 years and enters permanently into the SERVICE of the EMPLOYER prior to 1 October 1992, shall have a nonrecurrent, irrevocable option to become an A-MEMBER of the FUND within ninety days of becoming a B-MEMBER.
- (3) A STAFF MEMBER shall become a C-MEMBER unless otherwise determined in an agreement entered into by the Board of the FUND on the day he enters into the SERVICE of the EMPLOYER.
- (4) If the health of a C-MEMBER upon entry is, in the opinion of the Board, not satisfactory he shall be entitled to benefits in terms of the STATUTES; provided that if he dies or becomes disabled (unless such death or disability is directly due to unnatural causes) before completion of ten years' qualifying service and while he is in the SERVICE of the EMPLOYER, he shall only be entitled to benefits as though his SERVICES with the EMPLOYER were terminated of his own accord.
- (5) Should a C-MEMBER whose benefits are limited in terms of subclause (4), before expiry of ten years' qualifying service, at his own cost prove to the satisfaction of the Board that his health is satisfactory, the Board may amend or lift said limitation.

### 2.2 Termination

No A-, B-, or C-MEMBER may terminate his membership of the FUND while he is in the SERVICE of the EMPLOYER, and his membership shall terminate upon termination of his SERVICE, unless otherwise provided in the STATUTES.

### 2.3 Temporary absence

- (1) Up to and including 120 days  
When an A-, B-, or C-MEMBER is absent from duty up to a maximum of 120 consecutive calendar days, his membership of the FUND shall not be affected in any way. During such period of absence, the A-, B- or C-MEMBER shall remain entitled to benefits in terms of the STATUTES and contributions shall be made to the FUND, based on his PENSIONABLE EMOLUMENTS from time to time.
- (2) In excess of 120 days
  - (i) When an A-, B-, or C-MEMBER is absent from duty for more than 120 consecutive calendar days with full or reduced emoluments, the provisions of subclause (1) above shall apply.



- (ii) When an A-, B-, or C-MEMBER is absent from duty for more than 120 consecutive calendar days without emoluments, the A-, B-, or C-MEMBER may elect to continue his membership of the FUND on the basis as set out in subclause (1) above. Should the A-, B-, or C-MEMBER not make the said election, he shall remain an A-, B-, or C-MEMBER of the FUND on the following basis:
  - (a) No further contributions shall be made by the A-, B-, or C-MEMBER or the EMPLOYER in respect of the A-, B-, or C-MEMBER.
  - (b) The period of absence during which no contributions are made shall not constitute PENSIONABLE SERVICE for the purposes of the STATUTES.
  - (c) The A-, B-, or C-MEMBER shall remain entitled to benefits in terms of the STATUTES, based on his PENSIONABLE EMOLUMENTS on the last day on which he had contributed to the FUND.
- (3) **Secondment by EMPLOYER**

For the purposes of the STATUTES, an A-, B-, or C-MEMBER seconded by the EMPLOYER to an institution not participating in the FUND shall not be deemed to be absent from his SERVICE. The A-, B-, or C-MEMBER shall remain an A-, B-, or C-MEMBER of the FUND based on his PENSIONABLE EMOLUMENTS during the period of such secondment.
- (4) **Condoned interruption of membership**

If an A-, B-, or C-MEMBER leaves the SERVICE of the EMPLOYER and rejoins as an A-, B-, or C-MEMBER within twelve months of the date on which he left the SERVICE, the SERVICE interruption may be condoned on request of the A-, B-, or C-MEMBER and with the approval of the Board. If such A-, B-, or C-MEMBER received a gratuity as a result of such termination of SERVICE, the gratuity with interest shall be repaid to the FUND in a lump sum or instalments as determined by the Board.

### 3. **Benefits and contributions: A-members**

#### **Benefits on retirement**

##### 3.1 **Retirement on reaching the STATUTORY RETIREMENT AGE**

An A-MEMBER who reaches his STATUTORY RETIREMENT AGE shall retire on his STATUTORY RETIREMENT DATE with the following PENSION BENEFITS:

- (1) A gratuity of 6,72 per cent of his PENSIONABLE EMOLUMENTS on retirement multiplied by the period of his PENSIONABLE SERVICE.
- (2) An annuity of 1/55th of his PENSIONABLE EMOLUMENTS on retirement multiplied by the period of PENSIONABLE SERVICE, plus the additional annuity amount.

##### 3.2 **Retirement after reaching the STATUTORY RETIREMENT AGE**

If an A-MEMBER who reaches his STATUTORY RETIREMENT AGE is requested by the EMPLOYER to remain in his SERVICE, and the A-MEMBER agrees, he shall remain an A-MEMBER of the FUND and further contributions by and for him shall be made to the FUND. Such MEMBER shall retire upon reaching the age of seventy years at the latest, with

the PENSION BENEFITS calculated in terms of clause 3.1, based on his PENSIONABLE EMOLUMENTS and PENSIONABLE SERVICE at the date of his actual retirement.

### 3.3 Retirement before reaching the STATUTORY RETIREMENT AGE

An A-MEMBER who has completed qualifying service of at least ten years, may retire before reaching his STATUTORY RETIREMENT AGE subject to the following provisions:

- (1) A female A-MEMBER who was appointed as an officer before 24 June 1955 and as such became a MEMBER of the Government Service Pension Fund, may—
  - (i) if she has reached the age of fifty-five years, retire with PENSION BENEFITS as set out in clause 3.1;
  - (ii) if she has reached the age of fifty years, retire with PENSION BENEFITS as set out in clause 3.1, but reduced by one third of one per cent for each full month between her actual retirement date and a date ten years prior to her STATUTORY RETIREMENT DATE; and
  - (iii) if she has reached the age of forty-five years, retire with the approval of the EMPLOYER with PENSION BENEFITS as set out in subclause (ii).
- (2) A male A-MEMBER who was appointed as an officer before 24 June 1955 and as such became a MEMBER of the Government Service Pension Fund, may—
  - (i) if he has reached the age of sixty years, retire with PENSION BENEFITS as set out in clause 3.1;
  - (ii) if he has reached the age of fifty-five years, retire with PENSION BENEFITS as set out in clause 3.1 but reduced by one third of one per cent for each full month between his actual retirement date and a date five years prior to his STATUTORY RETIREMENT DATE; and
  - (iii) if he has reached the age of fifty years, retire with the approval of the EMPLOYER with PENSION BENEFITS as set out in subclause (ii).
- (3) Any other A-MEMBER who has reached the age of sixty years shall be entitled to, and if he has reached the age of fifty-five years may with the approval of the EMPLOYER, retire with the PENSION BENEFITS as set out in clause 3.1, reduced in either case by one third of one per cent for each completed month between the date on which he retires and his STATUTORY RETIREMENT DATE.
- (4) The benefits of an A-MEMBER who retires in terms of this clause shall be calculated with reference to his retirement date; provided that—
  - (i) the earliest date on which he may retire shall be the end of the month during which he reached the age entitling him thereto, or during which the EMPLOYER grants him approval to retire before reaching his STATUTORY RETIREMENT AGE, or if he reaches the said age on the first day of the month, with effect from that date;
  - (ii) he may otherwise only retire at the end of a month.

### 3.4 Benefits on disability

- (1) Subject to the provisions of subclause (2), an A-MEMBER who becomes disabled before reaching his STATUTORY RETIREMENT AGE shall retire with benefits as set out in clause 3.1; provided that his PENSIONABLE SERVICE shall be increased for this purpose by the shortest of the following periods:
  - (i) One third of the MEMBER'S actual period of PENSIONABLE SERVICE at the date of his retirement as a result of disability.

- (ii) The period between the date of his retirement as a result of disability and his STATUTORY RETIREMENT DATE.
- (iii) Five years.
- (2) An A-MEMBER who becomes disabled before reaching his STATUTORY RETIREMENT AGE as a result of an injury arising out of and in the course of his employment, shall retire with benefits as set out in clause 3.1; provided that the MEMBER'S PENSIONABLE SERVICE be increased by the period contemplated in clause 3.4(1)(ii); provided further that the Board is satisfied that the value of the benefits is not less than the value of the benefits that would in such a case have been applicable to the MEMBER on 30 September 1991, but based on his PENSIONABLE EMOLUMENTS and PENSIONABLE SERVICE at the date of his retirement.
- (3) An A-MEMBER who retires as a result of disability shall become a PENSIONER for purposes of the STATUTES and shall be entitled to the benefits and subject to the conditions applicable to PENSIONERS of the FUND.

### 3.5 Benefits on death of a member

- (1) Subject to the provisions of subclause (2), the FUND shall pay the following benefits if an A-MEMBER dies before reaching his STATUTORY RETIREMENT AGE:
  - (i) A gratuity of—
    - (a) once the MEMBER'S PENSIONABLE EMOLUMENTS at the time of his death if he has less than ten years' PENSIONABLE SERVICE and leaves a DEPENDANT;
    - (b) the MEMBER'S benefit in terms of clause 3.8(1) if he has less than ten years PENSIONABLE SERVICE and does not leave a DEPENDANT;
    - (c) the total of the gratuity and five times the annuity calculated in terms of clause 3.4(1), excluding the additional annuity amount if he has at least ten years' PENSIONABLE SERVICE.
  - (ii) An annuity to a qualifying widow of half of both his prospective annuity and the additional annuity amount.
- (2) If an A-MEMBER dies as a result of an injury arising out of and in the course of his employment, the FUND shall pay the following benefits:
  - (i) A GRATUITY of a total of the GRATUITY and five times the annuity calculated in terms of clause 3.4(2), excluding the additional amount;
  - (ii) An annuity to a qualifying widow of half of both his prospective annuity and the additional annuity amount;

provided that the Board is satisfied that the value of the benefits is not less than the value of the benefits that in such a case would have been applicable to the MEMBER on 30 September 1991, but based on his PENSIONABLE EMOLUMENTS and PENSIONABLE SERVICE at the date of his death.
- (3) If an A-MEMBER dies after reaching his STATUTORY RETIREMENT AGE, but before retiring in terms of clause 3.2, the benefits shall be paid as though the MEMBER had retired in terms of clause 3.2 on the day before his death.

### 3.6 Benefits on death of pensioner

If an A-PENSIONER dies, the following benefits shall be paid:

- (1) If such death occurs within sixty months after payment of his annuity commenced; A GRATUITY of the total of all outstanding annuity payments that would have been

made until the expiry of the said sixty-month-period, based on the amount of his annuity at the date of his death.

- (2) An annuity to a qualifying widow of 75 per cent of the annuity paid to the A-PENSIONER at the time of his death.

### 3.7 Benefits on reorganisation/absolution of post

- (1) If the services of an A-MEMBER are terminated by the EMPLOYER as a result of the abolition of his post or a reorganisation of the EMPLOYER'S activities, the following benefits shall be paid to the MEMBER:
  - (i) If the period of PENSIONABLE SERVICE of such MEMBER is less than ten years: A GRATUITY calculated at 20,67 per cent in the case of a male A-MEMBER, and 15,33 per cent in the case of a female A-MEMBER, of the MEMBER'S PENSIONABLE EMOLUMENTS at that stage multiplied by the period of his PENSIONABLE SERVICE.
  - (ii) If the period of PENSIONABLE SERVICE of such MEMBER is ten years or longer: An annuity and GRATUITY calculated as in clause 3.4(1). The MEMBER shall become an A-PENSIONER for purposes of the STATUTES at the date of termination of his services, and shall become entitled to benefits and subject to the conditions applicable to PENSIONERS of the FUND.
- (2) In the case of subclause (1)(ii) above, the additional costs arising from the granting of the benefits in question, as determined by the ACTUARY shall be paid to the FUND by the EMPLOYER as follows.
  - (i) A portion of the GRATUITY, as determined by the ACTUARY.
  - (ii) All annuity payments made to the MEMBER up to and including his STATUTORY RETIREMENT DATE. The EMPLOYER may, instead of annuity instalments, pay to the FUND their discounted value as determined by the ACTUARY.
- (3) If the services of an A-MEMBER are terminated by the EMPLOYER in terms of this clause, the Board may, with the approval of the MEMBER, arrange for the transfer of the said service termination benefits to an alternative retirement scheme, whereafter the FUND shall have no further obligation towards the MEMBER.

### 3.8 Benefits on resignation/discharge

- (1) If an A-MEMBER resigns or his services with his EMPLOYER are terminated and he does not become entitled to benefits provided for elsewhere in the STATUTES, he shall receive a GRATUITY which is the larger of the amounts calculated in one of the following manners:
  - (i)  $[R(1) \times N(1) + R(2) \times N(2)] \times Z \times D$ , increased by 2,5 per cent of the said amount for each completed year of qualifying service, plus any contributions made to the FUND by the MEMBER in terms of clause 3.10, where—
 

R(1) is the rate of 8 per cent in the case of a male A-MEMBER and 6 per cent in the case of a female A-MEMBER;

R(2) is the rate of 7,5 per cent in the case of a male A-MEMBER and 6 per cent in the case of a female A-MEMBER;

N(1) is the MEMBER'S period of qualifying service in a previous state fund;

N(2) is the MEMBER'S period of qualifying service in the FUND;

Z is the MEMBER'S average terminal salary on his last day of service;

- D is determined by subtracting from 10 000 a number calculated in terms of the table below and dividing the result by 10 000:

Completed months of qualifying service	Calculation of amount
0 to 36	0:
37 to 120	0 plus 26 for each completed month of qualifying service in excess of 36 months;
121 to 240	2 184 plus 17 for each completed month of such service in excess of 120 months;
241 to 360	4 224 plus 11 for each completed month of such service in excess of 240 months;
361 to 480	5 544 plus 7 for each completed month of such service in excess of 360 months;
481 and over	6 384 plus 5 for each completed month of such service in excess of 480 months.

- (ii)  $[R(1) \times N(1) + R(2) \times N(2)] \times Z \times D$ , increased by 2,5 per cent of the said amount for each completed year of PENSIONABLE SERVICE, where the said symbols have the same meanings as set out in subclause (i), save that in the case of N(1), N(2) and D, the reference to qualifying service in the table shall be a reference to PENSIONABLE SERVICE, but subject to the provisions of clause 3.10(7).
- (2) A female A-MEMBER who has completed at least five years of qualifying service, and who resigns with a view to entering into a recognised marital union and enters into such recognised marital union within ninety days of such resignation, shall receive a GRATUITY which is the greater of the amounts calculated in one of the following manners:
- (i)  $N \times Z \times F(N)$  plus any contributions made to the FUND by the MEMBER in terms of clause 3.10 where—
- N is the MEMBER'S period of qualifying service up to and including the date on which she enters into the recognised marital union;
- Z has the meaning defined in clause 3.8(i); and
- F(N) is a percentage derived from the following table:

N	F(N)
5	7,5
6	7,8
7	8,1
8	8,4
9	8,7
10 and more	9,0

- (ii)  $N \times Z \times F(N)$ , where the said symbols have the same meanings assigned to them in subclause (i), except that in the case of N the reference to qualifying service shall be a reference to PENSIONABLE SERVICE.
- (3) If a female A-MEMBER contemplated in subclause (2) above resigns after entering into a recognised marital union, she shall become entitled to benefits in terms of subclause (2) for the period of her qualifying service up to and including the date on which she entered into the recognised marital union, plus the benefits in terms of subclause (1) for the period from the day following upon the day on which she had entered into the recognised marital union up to and including the day she leaves the SERVICE of the EMPLOYER.

### 3.9 Contributions by A-members

Every male A-MEMBER shall contribute to fee FUND at a rate of 7,5 per cent of his PENSIONABLE EMOLUMENTS and every female A-MEMBER shall contribute to fee FUND at a rate of 6,0 per cent of her PENSIONABLE EMOLUMENTS.

### 3.10 Purchase of pensionable service by A-members

- (1) An A-MEMBER shall be entitled to extend the period of his PENSIONABLE SERVICE by making additional contributions to fee FUND; provided that an A-MEMBER'S PENSIONABLE SERVICE, after extension thereof in terms of this clause, shall not result in his period of PENSIONABLE SERVICE commencing before the age of eighteen years.
- (2) The lump sum cost involved in purchase of PENSIONABLE SERVICE in terms of subclause (1) shall be determined as follows at the date of application:

$$N \times S \times F(X)$$

where—

N is the period of PENSIONABLE SERVICE purchased;

S is the MEMBER'S PENSIONABLE EMOLUMENTS at the date of application;

F(X) is determined according to the table below;

Age of MEMBER on his next birthday as at the date of application to purchase service (X)	F(X)
years	
19 to 45	0,250
46 and 47	0,251
48 and 49	0,252
50	0,253
51	0,255
52	0,257
53	0,259
54	0,261
55	0,263
56	0,265
57	0,268
58	0,270
59	0,273
60	0,275
61	0,279
62	0,285
63	0,293

64	0,302
65	0,312

- (3) The A-MEMBER may, with the approval of the Board, pay the lump sum amount in subclause (2) in instalments over a period not extending beyond his STATUTORY RETIREMENT DATE. Interest shall be added to outstanding amounts at a rate as determined from time to time by the Board after consultation with the ACTUARY.
- (4) Any period or portion of a period of PENSIONABLE SERVICE in respect of which an A-MEMBER contributed to a previous state fund and in respect of which a benefit other than a retirement benefit was paid to him, may on written request of the MEMBER, and at the discretion of the Board, be recognised as PENSIONABLE SERVICE, on condition that the MEMBER submit to the board such documentary proof as the board may require of such previous PENSIONABLE SERVICE and the amount of such benefit.
- (5) A MEMBER contemplated in subclause (4) shall in respect of PENSIONABLE SERVICE thus recognised, pay to the FUND the benefit thus paid to him together with interest thereon calculated from the date on which the said benefit was paid to him up to and including the date on which the said benefit is paid to the FUND.
- (6) If an A-MEMBER purchased service in a previous state fond and he still has outstanding debt in respect of such purchased service on the date on which he becomes a MEMBER of the FUND, the terms on which such debt would have been discharged to the previous state fund shall be taken over unchanged by the FUND.
- (7) If an A-MEMBER ceases to be a MEMBER of the FUND under circumstances other than those referred to in clause 3.8(1)(i) and (2)(i) before his debt in terms hereof has been settled in full, the outstanding amount of the debt shall be recovered from the benefits payable to or in respect of the MEMBER,

#### 4. Benefits and contributions: B-members

### Benefits on retirement

#### 4.1 Retirement on reaching the STATUTORY RETIREMENT AGE

A B-MEMBER who reaches his STATUTORY RETIREMENT AGE shall retire with an annuity calculated at 1/40th of his PENSIONABLE EMOLUMENTS at retirement multiplied by the period of his PENSIONABLE SERVICE, plus the additional annuity amount.

#### 4.2 Retirement after reaching the STATUTORY RETIREMENT AGE

If a B-MEMBER who reaches his STATUTORY RETIREMENT AGE remains in the SERVICE of the EMPLOYER, he shall remain a B-MEMBER of the FUND and further contributions by and for him shall be made to the FUND. Such MEMBER shall retire upon reaching the age of seventy-five years at the latest, with PENSION BENEFITS calculated in terms of clause 4.1, based on his PENSIONABLE EMOLUMENTS and PENSIONABLE SERVICE at the date of his actual retirement in exceptional cases the age of seventy-five years may be extended, in which case the other provisions of this clause shall apply *mutatis mutandis*.

#### 4.3 Retirement before reaching the STATUTORY RETIREMENT AGE

- (1) A B-MEMBER, excluding a B-MEMBER referred to in subclause (2), who has completed a qualifying service period of at least ten years and reached the age of fifty-five years, may retire with the approval of the EMPLOYER before reaching his STATUTORY



RETIREMENT AGE. A B-MEMBER who retires early in this manner shall become entitled to an annuity, calculated in terms of clause 4.1, reduced by one-third of one per cent for each full month between the date on which he retires and his STATUTORY RETIREMENT DATE.

- (2) If the services of a contract employee are terminated as a result of—
  - (i) the expiry of his initial contract period or an extension thereof;
  - (ii) the exercising by him of a contractual right to terminate his contract during an extension thereof;
  - (iii) any other reason with the approval of the EMPLOYER,he shall become entitled to an annuity in terms of clause 4.1.
- (3) The provisions of clause 3.3(4) shall apply *mutatis mutandis* to a B-MEMBER.

#### 4.4 Benefits on disability

- (1) Subject to the provisions of subclause (2), a B-MEMBER who becomes disabled before reaching his STATUTORY RETIREMENT AGE shall retire with an annuity calculated in terms of clause 4.1; provided that the PENSIONABLE SERVICE of the MEMBER shall be increased for this purpose by the shortest of the following periods:
  - (i) One third of the MEMBER'S actual period of PENSIONABLE SERVICE at the date of the MEMBER'S retirement as a result of disability.
  - (ii) The period between the date of his retirement as a result of disability and his STATUTORY RETIREMENT DATE.
  - (iii) Five years.
- (2) A B-MEMBER who becomes disabled before reaching his STATUTORY RETIREMENT AGE as a result of an injury arising out of and in the course of his employment, shall retire with an annuity calculated in terms of clause 4.1; provided that the MEMBER'S PENSIONABLE SERVICE be increased with the period between the date of his retirement and a date five years beyond his STATUTORY RETIREMENT DATE; provided that the board be satisfied that the value of such benefits is not less than the value of the benefits that would in such a case have been applicable to the MEMBER on 30 September 1991, but based on his PENSIONABLE EMOLUMENTS and PENSIONABLE SERVICE at the date of his retirement.
- (3) A B-MEMBER who retires as a result of disability shall become a PENSIONER for purposes of the STATUTES and shall be entitled to the benefits and subject to the conditions applicable to PENSIONERS of the FUND.

#### 4.5 Benefits of a member

- (1) Subject to the provisions of subclause (2), the FUND shall pay the following benefits if a B-MEMBER dies before reaching his STATUTORY RETIREMENT AGE:
  - (i) A GRATUITY OF—
    - (a) Once the MEMBER'S PENSIONABLE EMOLUMENTS at the time of his death if he has less than ten years' PENSIONABLE SERVICE and leaves a DEPENDANT;
    - (b) the MEMBER'S PENSION benefit in terms of clause 4.8 if he has less than ten years PENSIONABLE SERVICE and does not leave a DEPENDANT;
    - (c) Five times the annuity calculated in terms of clause 4.4(1) if he has at least ten years' PENSIONABLE SERVICE.

- (ii) An annuity to a qualifying widow of one half of both his prospective annuity and the additional annuity amount.
- (2) If a B-MEMBER dies before reaching his STATUTORY RETIREMENT AGE as a result of an injury arising from and in the course of his employment, the FUND shall pay the following benefits:
  - (i) A GRATUITY of the total of—
    - (a) five times the additional annuity amount; and
    - (b) five times the annuity contemplated in clause 4.4(2), but excluding the additional annuity amount; provided that the MEMBER'S PENSIONABLE SERVICE shall be increased by the period between the date of his death and a date five years beyond his STATUTORY RETIREMENT DATE; provided further that the latter period shall be increased by the factor 1,264873;
  - (ii) An annuity to a qualifying widow of half of the annuity defined in clause 4.4(2); provided further that the Board is satisfied that the value of the benefits in subclauses (i) and (ii) is not less than the value of the benefits that would in such a case have been applicable to the MEMBER on 30 September 1991, but based on the MEMBER'S PENSIONABLE EMOLUMENTS and PENSIONABLE SERVICE at the date of his death.
- (3) The provisions of subclauses (1) and (2) shall apply *mutatis mutandis* to a B-MEMBER who dies after reaching his STATUTORY RETIREMENT DATE, but before retiring in terms of clause 4.2.

#### 4.6 Benefits on death of A, B-pensioner

If a B-PENSIONER dies, the following benefits shall be paid:

- (1) If such death occurs within sixty months after payment of his annuity commenced: A gratuity of the total of all outstanding annuity payments that would have been made until the expiry of said sixty-month period, based on the amount of the annuity at the date of his death.
- (2) An annuity to qualifying widow equal to 75 per cent of the annuity paid to the pensioner at the time of his death. If the deceased pensioner had on his retirement elected to convert a portion of his annuity into a gratuity in terms of clause 7, the said 75 per cent shall be applied to the annuity the pensioner would have received if a portion thereof had not been converted into a gratuity but subject to a maximum of 100 per cent of the annuity paid to the pensioner at the time of his death.

#### 4.7 Benefits on reorganisation/abolition of post

- (1) If the services of a B-MEMBER are terminated by the EMPLOYER as a result of the abolition of his post or a reorganisation of the EMPLOYER'S activities, the following benefits shall be paid to the MEMBER:
  - (i) If the period of PENSIONABLE SERVICE of such MEMBER is less than ten years: a gratuity calculated at 20,67 per cent of the MEMBER'S PENSIONABLE EMOLUMENTS at that stage multiplied by the period of his PENSIONABLE SERVICE.
  - (ii) If the period of PENSIONABLE SERVICE of such MEMBER is ten years or longer: an annuity as calculated in terms of clause 4.4(1). The MEMBER shall become a PENSIONER for purposes of the STATUTES at the date of termination of his services and shall become entitled to benefits and subject to the conditions applicable to PENSIONERS of the FUND.

- (2) In the case of subclause (1)(ii) above, the additional costs arising from the granting of the benefits in question, as determined by the ACTUARY, shall be paid to the FUND by the EMPLOYER as follows:
  - (i) If the MEMBER elects to convert a portion of his annuity into a GRATUITY in terms of clause 6.3: A portion of the said gratuity, as determined by the ACTUARY.
  - (ii) All annuity payments made to the MEMBER up to and including his STATUTORY RETIREMENT DATE. The EMPLOYER may, instead of the said annuity instalments, pay to the FUND their discounted value as determined by the ACTUARY.
- (3) If the services of a B-MEMBER are terminated by the EMPLOYER in terms of this clause, the Board may, with the approval of the MEMBER, arrange for the transfer of the said service termination benefits to an alternative retirement scheme, whereafter the FUND shall have no further obligation towards the MEMBER.

#### 4.8 Benefits on resignation/discharge

If a B-MEMBER resigns or his services with his EMPLOYER are terminated and he does not become entitled to benefits provided for elsewhere in the STATUTES, he shall receive a GRATUITY which is the larger of the amounts calculated in one of the following manners:

- (1)  $R \times Z \times N \times D$  increased by 2,5 per cent of the said amount for each completed year of qualifying service, plus any contributions made by the MEMBER to the FUND in terms of clause 4.10, where—
 

R is the rate at which the MEMBER contributed to the FUND at the date of termination of his services;

Z is the MEMBER'S average terminal salary on his last day of service;

N is the MEMBER'S period of qualifying service;

D is calculated as set out in clause 3.8(1).
- (2)  $R \times Z \times N \times D$ , increased by 2,5 per cent of the said amount for each completed year of PENSIONABLE SERVICE, where the said symbols have the same meanings as set out in subclause (1), save that in the case of n and d, the reference to qualifying service shall be a reference to PENSIONABLE SERVICE subject to the provisions of clause 4.9(7).

#### 4.9 Contributions by B-members

Every B-MEMBER shall contribute to the FUND at a rate of 5,0 per cent of his PENSIONABLE EMOLUMENTS.

#### 4.10 Purchase of pensionable service by B-members

- (1) A B-MEMBER shall be entitled to extend the period of his PENSIONABLE SERVICE by making additional contributions to the fund; provided that a B-MEMBER'S PENSIONABLE SERVICE, after extension thereof in terms of this clause, shall not result in his period of PENSIONABLE SERVICE commencing before the age of eighteen years.
- (2) The lump sum cost involved in the purchase of PENSIONABLE SERVICE in terms of subclause (1) shall be determined as follows at the date of application:
 

$N \times S \times F(X)$

where—

N is the period of PENSIONABLE SERVICE purchased:

S is the MEMBER'S PENSIONABLE EMOLUMENTS at the date of application;

F(X) is determined according to the table below:

Age of MEMBER on his next birthday as at the date of application to purchase service (X)	F(X)
years	
19 to 45	0,234
46 and 47	0,235
48 and 49	02236
50	0,237
51	0,239
52	0.242
53	0,247
54	0,253
55	0,259
56	0,265
57	02270
58	0,276
59	0,281
60	02287
61	0,295
62	0,304
63 &	0,312

64	0,321
65	0,330

- (3) The B-MEMBER may, with the approval of the Board, pay the lump sum cost in subclause (2) in instalments over a period not extending beyond his STATUTORY RETIREMENT DATE, or the age of 65 if the MEMBER has already reached his STATUTORY RETIREMENT AGE. Interest shall be added to outstanding amounts at a rate determined from time to time by the Board after consultation with the ACTUARY.
- (4) Any period or portion of a period of PENSIONABLE SERVICE in respect of which a B-MEMBER contributed to a previous state fund and in respect of which a benefit other than a retirement benefit was paid to him, may on written request of the MEMBER, and at the discretion of the board, be recognised as PENSIONABLE SERVICE, on condition that the MEMBER submit to the Board such documentary proof as the board may require of such previous PENSIONABLE SERVICE and the amount of such benefit.
- (5) A MEMBER, contemplated in subclause (4) shall in respect of PENSIONABLE SERVICE thus recognised, pay to the FUND the benefit thus paid to him together with interest thereon calculated from the date on which the said benefit was paid to him up to and including the date on which the said benefit is paid to the FUND.
- (6) If a B-MEMBER purchased service in a previous state fund and he still has outstanding debt in respect of such purchased service on the date on which he becomes a MEMBER of the FUND, the terms on which such debt would have been discharged to the previous state fund shall be taken over unchanged by the FUND.
- (7) If a B-MEMBER ceases to be a MEMBER of the FUND under circumstances other than those referred to in clause 4.8(1) before his debt in terms hereof has been settled in full, the outstanding amount of the debt shall be recovered from the benefits payable to or in respect of the MEMBER.

## 5. Benefits and contributions: C-members

### Benefits on retirement

#### 5.1 Retirement on reaching the STATUTORY RETIREMENT AGE

A C-MEMBER who has reached his STATUTORY RETIREMENT AGE shall retire on his STATUTORY RETIREMENT DATE with an annuity calculated at 1/50th of his average term and salary multiplied by the period of his PENSIONABLE SERVICE.

#### 5.2 Retirement after reaching the STATUTORY RETIREMENT AGE

If a C-MEMBER who reaches his STATUTORY RETIREMENT AGE is requested by the EMPLOYER to remain in his SERVICE, and the C-MEMBER agrees, he shall remain a C-MEMBER of the FUND and further contributions shall be made by and for him to the FUND. Such MEMBER shall retire upon reaching the age of seventy years at the latest, with an annuity as set out in clause 5.1, based on his average terminal salary and PENSIONABLE SERVICE at the date of his actual retirement

#### 5.3 Retirement before reaching the STATUTORY RETIREMENT AGE

- (1) A C-MEMBER who has completed qualifying service of at least ten years and reached the age of sixty years shall be entitled to retire, and if he has reached the age of fifty-five years, he may retire with the consent of the EMPLOYER, with the benefits as set

out in clause 5.1, reduced by one third of one per cent for each full month between the date on which he retires and his STATUTORY RETIREMENT DATE.

- (2) The provisions of clause 3.3(4) shall apply *mutatis mutandis* to a C-MEMBER.

#### 5.4 Benefits of disability

- (1) A C-MEMBER who becomes disabled before reaching his STATUTORY RETIREMENT AGE shall retire with an annuity equal to his prospective annuity at that stage.
- (2) A C-MEMBER who retires as a result of disability shall become a PENSIONER for purposes of the STATUTES and shall become entitled to the benefits and subject to the conditions applicable to PENSIONERS of the FUND.
- (3) If a C-MEMBER has retired as a result of disability, and subsequently rejoins the service of the EMPLOYER and again qualifies for membership of the FUND, he shall cease to be a PENSIONER and shall become a C-MEMBER of the FUND. On such rejoining, the MEMBER shall become entitled to benefits applicable to C-MEMBERS; provided that any subsequent annuity be based on his full period of PENSIONABLE SERVICE in the FUND with exclusion of the period during which he was disabled. If the MEMBER had converted a portion of his annuity to a GRATUITY in terms of clause 6.3, the period of his PENSIONABLE SERVICE shall be reduced in consideration thereof on a basis as determined by the ACTUARY.
- (4) If a C-MEMBER who has retired as a result of disability subsequently recovers to such an extent that he no longer qualifies for an annuity, but he does not rejoin the service of the EMPLOYER, he shall become entitled to a benefit as set out in clause 5.8.

#### 5.5 Benefits on death of a C-member

- (1) If a C-MEMBER dies before reaching his STATUTORY RETIREMENT AGE, the FUND shall pay the following benefits:
- (i) A GRATUITY OF twice the MEMBER'S PENSIONABLE EMOLUMENTS at the time of his death.
  - (ii) An annuity to a qualifying spouse of one half of the MEMBER'S prospective annuity.
  - (iii) An annuity to a qualifying child of 15 per cent of the MEMBER'S prospective annuity; provided that an annuity payable in terms hereof shall not be paid simultaneously to more than three qualifying children. If an annuity is not paid to a qualifying spouse, the annuity payable to a qualifying child shall double from 15 per cent to 30 per cent of the MEMBER'S prospective annuity.
- (2) If a C-MEMBER dies after reaching his STATUTORY RETIREMENT AGE, but before he retires in terms of clause 5.2, the benefits shall be paid as though the MEMBER had retired in terms of 5.2 on the day before his death. For this purpose, the greatest permissible portion of the C-MEMBER'S annuity shall be deemed to have been converted into a gratuity in terms of clause 6.3.

#### 5.6 Benefits on death of a C-pensioner

If a C-Pensioner dies, the following benefits shall be paid:

- (1) A gratuity of—
- (i) two thousand Rand; and
  - (ii) if such death occurs within sixty months after payment of his annuity commenced, and no annuity is paid to a qualifying spouse or a qualifying child in terms of subclauses (2) or (3) below, the total of all outstanding

annuity payments that would have been made and until the expiry of said sixty-month period, based on the amount of the annuity at the date of his death.

- (2) An annuity to a qualifying spouse equal to per cent of the annuity paid to the pensioner at the time of his death. If the deceased pensioner had on his retirement elected to convert a portion of his annuity into a gratuity in terms of clause 7, the said 75 per cent shall be applied to the annuity the pensioner would have received if no portion there of had been converted into a gratuity on his retirement, but subject to a maximum of 100 per cent of the annuity paid to the pensioner at the time of his death.
- (3) An annuity to a qualifying child of 15 per cent of the annuity paid to the deceased pensioner at the time of his death; provided that an annuity payable in terms hereof shall not be paid simultaneously to more than three qualifying children. If an annuity is not paid to a qualifying spouse, the annuity payable to a qualifying child shall double from 15 per cent to 30 per cent of the annuity set out in subclause (2) above. If the deceased pensioner had on his retirement elected to convert a portion of his annuity into a gratuity in terms of clause 7, the said percentages be applied to the annuity the pensioner would have received if a portion thereof had not been converted into a gratuity.

#### 5.7 Benefits on reorganisation/absolution of post

- (1) If the services of a C-MEMBER are terminated by the EMPLOYER as a result of the abolition of his post or a reorganisation of the EMPLOYER'S activities, the following benefits shall be paid to the MEMBER:
  - (i) If the period of qualifying service of such MEMBER is less than ten years: A GRATUITY calculated at 10 per cent of his average terminal salary multiplied by the period of his PENSIONABLE SERVICE.
  - (ii) If such MEMBER has completed qualifying service of at least ten years, but has not reached the age of fifty-five years, the MEMBER shall have the option of a GRATUITY calculated in terms of subclause (i), or a deferred annuity calculated in terms of clause 5.1. The following provisions shall apply in respect of the stud deferred annuity:
    - (a) It shall become payable when the C-MEMBER reaches his STATUTORY RETIREMENT DATE; provided that payment thereof may commence sooner at the request of the MEMBER, in which event clause 5.3 shall apply *mutatis mutandis*.
    - (b) It shall be subject to increments in terms of clause 6.7(2).
    - (c) As soon as it becomes payable, it shall be subject to the same conditions that would have applied had the MEMBER retired in terms of clause 5.1.
    - (d) It shall lapse if the MEMBER dies before payment thereof has commenced, in which event the discounted value of the deferred annuity, as calculated by the ACTUARY, shall be paid in the form of a gratuity.
    - (e) It shall lapse if a C-MEMBER, who is entitled to a deferred annuity in terms of this clause is re-employed and rejoins the FUND as a C-MEMBER. In such a case the period of PENSIONABLE SERVICE rendered by the MEMBER before the date of termination of his services shall be recognised as PENSIONABLE SERVICE for purposes of the STATUTES.



- (iii) If such MEMBER has completed qualifying service of at least ten years and reached the age of fifty-five years: an annuity calculated as in clause 5.1. At the date of termination of his services the MEMBER shall become a PENSIONER with benefits and subject to the conditions applicable to PENSIONERS of the FUND.
- (2) In the case of subclause (1)(iii) above, the additional costs arising from the granting of the benefits in question, as determined by the ACTUARY, shall be paid to the FUND by the EMPLOYER as follows:
  - (i) If the MEMBER elects to convert a portion of his annuity to a GRATUITY in terms of clause 6.3: A portion of said GRATUITY, as determined by the ACTUARY.
  - (ii) All annuity payments made to the MEMBER up to and including his STATUTORY RETIREMENT DATE. The EMPLOYER may, instead of the said annuity instalments, pay to the FUND their discounted value, as determined by the ACTUARY.
- (3) If the services of a C-MEMBER are terminated by the EMPLOYER for a reason set out in this clause, the Board may, with the approval of the MEMBER, make an arrangement to transfer the said retrenchment benefits to an alternative retirement scheme, whereafter the FUND shall have no further obligation towards the MEMBER.

#### **5.8 Benefits on resignation/discharge**

If a C-MEMBER resigns or his services with his EMPLOYER are terminated and he does not become entitled to benefits provided for elsewhere in the STATUTES, he shall receive a GRATUITY calculated at 7,5 per cent of his average terminal salary on termination of his services multiplied by the period of his PENSIONABLE SERVICE.

#### **5.9 Contributions by C-members**

Every C-MEMBER shall contribute to the FUND at a rate of 7,5 per cent of his PENSIONABLE EMOLUMENTS.

#### **5.10 Purchase of pensionable service by C-members**

- (1) A C-MEMBER shall be entitled to extend the period of his PENSIONABLE SERVICE by making additional contributions to the fund, such additional contributions shall be subject to a maximum of R1 800 per annum, or such other amount as determined in the Income Tax Act as the maximum permissible contribution by a MEMBER in respect of the extension of his period of service.
- (2) All additional contributions made by a C-MEMBER in terms hereof shall be accumulated with interest for the MEMBER. When benefits become payable to him in respect of a C-MEMBER in terms of the STATUTES, the said accumulated contributions with interest shall be applied to extend the MEMBER'S period of PENSIONABLE SERVICE in the FUND, on a basis as determined by the ACTUARY.

### **6. Payment of annuities to qualifying widows, qualifying spouses and qualifying children**

- 6.1 (1) If a deceased MEMBER or PENSIONER leaves more than one QUALIFYING WIDOW or QUALIFYING SPOUSE, as the case may be, the Board shall decide to whom and, in the event of more than one, in what proportion the annuities shall be paid; provided that the total of the annuities payable to QUALIFYING WIDOWS or QUALIFYING SPOUSES, as the case may be, shall be equal to the annuity that would have been payable had there been only one QUALIFYING WIDOW or SPOUSE.

- (2) An annuity in respect of a QUALIFYING CHILD of a deceased C-MEMBER or a PENSIONER who was a C-MEMBER, shall be paid to or for the benefit of such QUALIFYING CHILD and, in the case of more than one QUALIFYING CHILD, in such proportions as the Board may decide.

## 7. Commutation of annuities

- 7.1 If a B-MEMBER'S services are terminated in terms of clauses 4.1 to 4.4 or 4.7 (1) (ii), or if a C-MEMBER'S services are terminated in terms of clauses 5.1 to 5.4 or 5.7 (1) (ii) or (iii), the Board may, at the request of the B-, or C-MEMBER, convert up to one third of the annuity payable to the B-, or C-MEMBER into a gratuity, payable on the first day of the month immediately following the B- or C-MEMBER'S retirement or termination of services. The amount of the gratuity shall be determined by the Board after consultation with the ACTUARY. The amount of the annuity payable to the B-, or C-MEMBER shall thereafter be reduced proportionally on a basis as determined by the ACTUARY.
- 7.2 If any annuity, payable to a pensioner in terms of the STATUTES before any commutation thereof in terms of subclause (1) does not exceed R600 per annum, or any such other amount determined in the Income Tax Act in this regard, the whole annuity shall be converted to a gratuity by the board, after which the Board shall have no further obligation toward such pensioner. The terms of conversion of the annuity shall be determined by the board, after consultation with the ACTUARY.
- 7.3 The gratuity in subclauses (1) and (2) shall be payable on the first day of the month immediately following the date on which the person ceases to be a B-, or C-MEMBER of the Fund.

## 8. Adjustment of emoluments

- 8.1 If the normal hours of SERVICE of a MEMBER or a group of MEMBERS are temporarily reduced as a result of economic measures, and such reduction results in a lowering of his/their PENSIONABLE EMOLUMENTS, such MEMBER or MEMBERS shall continue to contribute to the FUND at the PENSIONABLE EMOLUMENTS they contributed at immediately before such reduction and such PENSIONABLE EMOLUMENTS shall be deemed for purposes of the STATUTES to be the PENSIONABLE EMOLUMENTS of the MEMBER or MEMBERS.
- 8.2 If a MEMBER'S PENSIONABLE EMOLUMENTS are reduced for a reason other than that referred to in subclause (1), he may elect to continue with contributions to the FUND at his "PENSIONABLE EMOLUMENTS immediately before such reduction, in which case such PENSIONABLE EMOLUMENTS shall be deemed for purposes of the STATUTES to be the PENSIONABLE EMOLUMENTS of the MEMBER or MEMBERS.

## 9. Change in work status

If a MEMBER'S work status is changed from full-time to part-time or *vice versa*, or if the working hours of a MEMBER who is a temporary employee are changed (other than in the case of a general change of working hours), the MEMBER'S period of PENSIONABLE SERVICE before such change shall be amended to a period calculated in terms of the following formula:

$$\frac{T}{N} = \frac{M \times S}{T}$$

where—

- N is the time of the MEMBER'S PENSIONABLE SERVICE after such change
- M is the period of the MEMBER'S PENSIONABLE SERVICE before such change
- T is the MEMBER'S PENSIONABLE EMOLUMENTS immediately before such change in work status.
- S is the MEMBER'S PENSIONABLE EMOLUMENTS immediately after such change in work status.

The MEMBER'S PENSIONABLE EMOLUMENTS to be used in calculating the average terminal salary earned before such change shall further be adjusted by the ratio S/T.