

FINANCIAL SERVICES BOARD

Riverwalk Office Park Block B 41 Matroosberg Road Ashlea Gardens Extension 6
Pretoria South Africa 0081 PO Box 35655 Menlo Park Pretoria South Africa 0102
Tel +27 12 428 8000 Fax +27 12 346 6941 E-mail info@fsb.co.za
Toll free 0800 110443/0800 202087 website:www.fsb.co.za



ENQUIRIES:	Ms Kgomoitso Molefe	D. DIALLING NO.:	012 367 7197
OUR REF:	12/8/31796	FAX:	012 346 5915
DATE:	25 May 2012	E-MAIL:	kgomotoio.molefe@fsb.co.za

Mr. Themba Mfeka
The Principal Officer
South African Municipal Workers` Union National Provident Fund
PO Box 291248
MELVILLE
2109

CASE NUMBER: 285339

Dear Mr. Mfeka

APPROVAL OF CONSOLIDATED RULES IN TERMS OF THE PENSION FUNDS ACT, 25 OF 1956, AS AMENDED ("the Act"): SOUTH AFRICAN MUNICIPAL WORKERS` UNION NATIONAL PROVIDENT FUND

With reference to your email communication of 24 May 2012 refers. I have enclosed a copy of the Consolidated Rules duly approved and registered in terms of section 12(5) of the Act.

Yours faithfully

For REGISTRAR OF PENSION FUNDS

Board Members: Abel Sithole (Chairperson) H Wilton (Deputy Chairperson) Z Bassa JV Mogadime
Prof PJ Sutherland D Turpin H M H Ratshefola D Msomi M Mnyande (Alternate)
M Momoniat O Makhubela (Alternate) Executive Officer: DP Tshidi

SABS
ISO 9001

South African Municipal Workers'
Union National Provident Fund

Extract from the minutes of a meeting of the Board of the South African Municipal Workers' Union National Provident Fund (hereinafter referred to as "the FUND") held at RICHMOND-JOHANNESBURG on the 21ST..... (day) of JULY..... (month) 2011..... (year).

It is resolved:


That the rules be replaced by the attached revised rules with effect from the EFFECTIVE DATE for the following reasons:

- To consolidate these Rules.

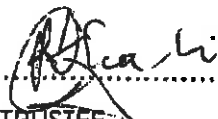
Additions and amendments are indicated in bold print.

[Handwritten signature] ✓

We, the undersigned, hereby certify that these are the rules which are effective as at the EFFECTIVE DATE, and that the resolution in terms of which these rules have been accepted, has been adopted in accordance with the rules of the FUND.


.....
CHAIRMAN, BOARD OF TRUSTEES

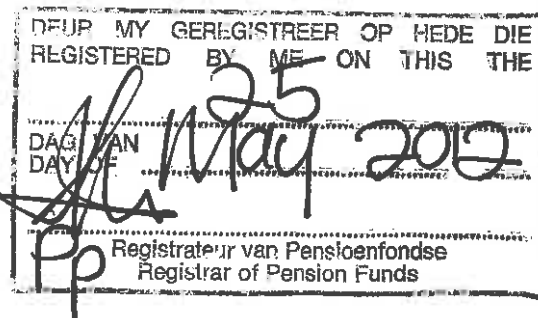
10/04/2012
.....
DATE


.....
TRUSTEE

5th April 2012
.....
DATE


.....
PRINCIPAL OFFICER

5/4/2012
.....
DATE



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SCHEDULE OF BENEFITS

GENERAL

FUND REVIEW DATE: 1 July

Changes in PENSIONABLE SALARY: Effective immediately

ELIGIBILITY

Membership Requirements: Members of the UNION who have not attained the NORMAL RETIREMENT AGE; provided that:

- (a) the BOARD shall have the right to allow employees of the EMPLOYER who are not members of the UNION, who have not attained the NORMAL RETIREMENT DATE, and who are not members of another APPROVED FUND, to qualify for membership; and
- (b) any of the membership requirements above may be waived by the BOARD.

CONTRIBUTIONS

MEMBER contributions and EMPLOYER contributions in respect of the MEMBER shall be a percentage of the MEMBER'S PENSIONABLE SALARY, as agreed upon between the EMPLOYER and the FUND; provided that the MEMBER'S contributions shall not be less than 7.5% and the EMPLOYER contributions shall not be less than 18% of the MEMBER'S PENSIONABLE SALARY; and provided further that where the EMPLOYER contributes on behalf of its employees to any

other fund other than the FUND at a rate higher than that which it contributes to the FUND, the EMPLOYER shall contribute the same rate to the FUND.

RETIREMENT BENEFITS

NORMAL RETIREMENT AGE: 65 years
Retirement benefit: The MEMBER'S SHARE

PRE-RETIREMENT DEATH BENEFITS

Death RISK BENEFIT: a lump sum equal to thirty six times the
MEMBER'S PENSIONABLE SALARY.

DISABILITY BENEFITS

Disability RISK BENEFIT: Thirty six times the MEMBER'S PENSIONABLE
SALARY

WITHDRAWAL BENEFITS

Benefit on Resignation: The MEMBER'S SHARE
Benefit on Dismissal: The MEMBER'S SHARE
Benefit on RETRENCHMENT: The MEMBER'S SHARE

1. THE FUND

1.1 Establishment of the FUND

1.1.1 The South African Municipal Workers' Union National Provident Fund (hereinafter referred to as the "FUND") was established with effect from 23 June 1994 (hereinafter referred to as the "COMMENCEMENT DATE").

1.1.2 The registered office of the FUND shall be at:

24 Napier Road
Richmond
2092

1.2 Object of the FUND

1.2.1 The object of the FUND is to provide retirement and ancillary benefits described in the rules for MEMBERS and their DEPENDANTS and/or BENEFICIARIES.

1.3 Legal Status of the FUND

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

1.3.2 These rules replace the previous rules of the FUND with effect from the EFFECTIVE DATE.

2 DEFINITIONS

2.1 In these rules, unless inconsistent with the context, all words and expressions importing the masculine gender shall include the feminine, words signifying the singular number shall include the plural and vice versa. Words and expressions which are defined shall be indicated by means of capital letters and shall have the following meanings:

- 2.1.1 ACT means the Pension Funds Act, No. 24 of 1956, as amended, and the regulations made and in force under the ACT.
- 2.1.2 ACTUARY means a qualified actuary appointed by the BOARD who has been approved by the REGISTRAR as a valuator.
- 2.1.3 ADJUDICATOR means the Pension Funds Adjudicator, appointed in terms of Section 30C(1) of the ACT.
- 2.1.4 ADMINISTRATOR means the administrators appointed by the FUND in terms of these rules.
- 2.1.5 APPROVED FUND means a provident, pension or retirement annuity fund that has been registered in terms of the ACT and approved by the COMMISSIONER, other than an APPROVED PRESERVATION FUND.
- 2.1.6 APPROVED PRESERVATION FUND means a preservation provident fund as contemplated in RF1/98, approved as such by the COMMISSIONER and in which the EMPLOYER has agreed to participate.
- 2.1.7 AUDITOR means an auditor registered under the Public Accountants' and Auditors' Act No. 80 of 1991 and appointed by the BOARD, subject to the approval of the REGISTRAR.
- 2.1.8 BENEFICIARY means any person entitled to a benefit in terms of these rules.
- 2.1.9 BOARD means the Board of TRUSTEES of the FUND, appointed in terms of these rules to oversee and manage the operations of the FUND on behalf of its MEMBERS and other BENEFICIARIES.
- 2.1.10 CATASTROPHE means conflagration, earthquake, windstorm, explosion, aircraft disaster, automobile disaster,

seagoing disaster, and other similar events (defined by the re-assurer) that result in losses flowing from the death and/or disablement of three or more MEMBERS of the FUND.

2.1.11 CATASTROPHIC COVER means insurance taken out by the FUND to compensate the FUND for catastrophic losses.

2.1.12 CATASTROPHIC LOSSES means the whole loss of the FUND arising out of a single catastrophic event (as defined by the assurer) resulting in the disablement and/or death of three or more MEMBERS of the FUND.

2.1.13 COMMENCEMENT DATE means 23 June 1994.

2.1.14 COMMISSIONER means the Commissioner for the South African Revenue Service.

2.1.15 COMPLAINANT shall mean:

2.1.15.1 any MEMBER or former MEMBER;

2.1.15.2 any BENEFICIARY or former BENEFICIARY of the FUND;

2.1.15.3 any EMPLOYER;

2.1.15.4 any group of persons referred to in this definition;

2.1.15.5 the TRUSTEES or any TRUSTEE;

2.1.15.6 any person who has an interest in a complaint.

2.1.16 DATE OF DISABLEMENT means the date upon which the MEMBER was last capable of fulfilling his normal employment duties with his EMPLOYER as reasonably determined by the TRUSTEES on the basis of objective medical evidence.

2.1.17 DEPENDANT means:

2.1.17.1 a person in respect of whom the MEMBER is legally liable for maintenance;

2.1.17.2 a person in respect of whom the MEMBER is not legally liable for maintenance, if such person –

- (i) was, in the opinion of the FUND, upon the death of the member in fact dependent on the MEMBER for maintenance;
- (ii) is the SPOUSE of the MEMBER;
- (iii) is a child of the MEMBER, including a posthumous child, an adopted child and a child born out of wedlock.
- (iv) a person in respect of whom the MEMBER would have become legally liable for maintenance, had the MEMBER not died.

2.1.18 EFFECTIVE DATE means 01 NOVEMBER 2011.

2.1.19 ELIGIBLE EMPLOYEE means an employee who satisfies the membership conditions specified in the SCHEDULE.

2.1.20 EMPLOYER means the PARTICIPATING EMPLOYER or any subsidiary concern that participates in the FUND. In relation to any MEMBER, EMPLOYER shall mean the employer in whose SERVICE the MEMBER is at any time.

2.1.21 ENTRY DATE means the PARTICIPATION DATE for all ELIGIBLE EMPLOYEES existing at the PARTICIPATION DATE and shall mean the first day of the month coinciding with or next following the first day of employment for new ELIGIBLE

EMPLOYEES entering into the employment of the EMPLOYER after the PARTICIPATION DATE.

- 2.1.22 FREE COVER LIMIT means, in respect of a benefit payable in terms of Rule 7, a maximum amount so determined by the TRUSTEES from time to time in consultation with the ACTUARY in terms of which proof of the MEMBER'S good health does not have to be submitted.
- 2.1.23 FUND means the South African Municipal Workers' Union National Provident Fund.
- 2.1.24 FUND REVIEW DATE means the date specified in the SCHEDULE.
- 2.1.25 FUND YEAR means a period of twelve months commencing on the FUND REVIEW DATE and ending on the day before the next FUND REVIEW DATE.
- 2.1.26 INCOME TAX ACT means the Income Tax Act No 58 of 1962, as amended, or any legislation enacted to replace such Act.
- 2.1.27 INDIVIDUAL ACCOUNT means an accounting record of voluntary contributions and other amounts set aside by the FUND for the benefit of a particular MEMBER as described in the rules.
- 2.1.28 INSURER means an insurer registered in terms of the Long-term Insurance Act, 52 of 1998, with which the benefits provided in terms of the rules are insured.
- 2.1.29 INVESTMENT CONTRACT means the investment contract entered into between the FUND and an investment manager.
- 2.1.30 MAXIMUM CAPITAL DISABILITY BENEFIT means, in respect of a MEMBER who is entitled to a disability benefit in terms of Rule 7, a maximum lump sum benefit as determined by the

TRUSTEES from time to time in consultation with the ACTUARY.

2.1.31 MEMBER means any ELIGIBLE EMPLOYEE who has been admitted to membership of the FUND in terms of these rules and who has not ceased to be a member of the FUND.

2.1.32 MEMBER'S SHARE means the sum held in respect of a MEMBER in the FUND, calculated in terms of Rule 9.2

2.1.33 NORMAL RETIREMENT AGE means the age specified in the SCHEDULE.

2.1.34 NORMAL RETIREMENT DATE means the first day of the month following the attainment of NORMAL RETIREMENT AGE.

2.1.35 PARTICIPATION DATE means the date from which an EMPLOYER or class of employees participates in the FUND.

2.1.36 PARTICIPATING EMPLOYER means an EMPLOYER as specified in the EMPLOYER APPLICATION.

2.1.37 PAST PENSIONABLE SERVICE means membership of the PREVIOUS FUND recognised as PENSIONABLE SERVICE in terms of these rules.

2.1.38 PENSIONABLE SALARY means a MEMBER'S basic monthly salary or its equivalent if paid other than monthly, plus such other emoluments as specified by the EMPLOYER.

2.1.39 PENSIONABLE SERVICE means the number of years of membership of the FUND including PAST PENSIONABLE SERVICE recognised as pensionable service in terms of the rules.

2.1.40 POLICY means an insurance contract entered into between the FUND and an INSURER to the FUND. In relation to a particular RISK BENEFIT, "POLICY" shall mean the policy in terms of which that benefit is insured.

- 2.1.41 PREVIOUS FUND means a retirement fund in which a municipality participates as an employer, registered in terms of the ACT and recognised and approved as a pension or a provident fund in terms of the INCOME TAX ACT.
- 2.1.42 PRINCIPAL OFFICER means the person appointed as principal officer of the FUND in terms of Rule 10.5.
- 2.1.43 REGISTRAR means the Registrar or the Deputy Registrar of Pension Funds appointed in terms of the ACT.
- 2.1.44 RETRENCHMENT means the dismissal of a MEMBER due to retrenchment or redundancy where his SERVICE has been terminated through no fault of his own.
- 2.1.45 RISK BENEFIT means an amount equal to the insured benefit that is payable in terms of these rules on the MEMBER'S death or disablement, subject to the terms and conditions of these rules and the POLICY.
- 2.1.46 SCHEDULE means the Schedule of Benefits forming part of these rules.
- 2.1.47 SERVICE means active, permanent employment with an EMPLOYER for not less than twenty hours per week.
- 2.1.48 SPOUSE means a person who is the permanent life partner or spouse or civil union partner of a MEMBER in accordance with the Marriage Act, 1961 (ACT No.68 of 1961),the Recognition of Customary Marriage Act, 1998 (ACT No 68 of 1997) or the Civil Union Act, 2006 (Act No.17 of 2006) or the tenets of a religion.
- 2.1.49 TRANSFER INDIVIDUAL ACCOUNT means the account held in the name of the MEMBER that is credited with any amounts transferred on behalf of the MEMBER from a

PREVIOUS FUND in respect of such MEMBER'S benefits accrued and membership under such PREVIOUS FUND.

2.1.50 TRUSTEE means a trustee appointed to the BOARD of trustees in terms of Rule 10.1 to control and administer the FUND in terms of these rules.

2.1.51 UNION means the South African Municipal Workers' Union.

2.1.52 WAITING PERIOD means, in respect of a MEMBER who is classified as disabled in terms of Rule 7.1, a period of absence from SERVICE with the employer equal to 6 consecutive months, calculated from the MEMBER'S date of disablement.

3. MEMBERSHIP

3.1 Conditions of membership

3.1.1 An ELIGIBLE EMPLOYEE entering SERVICE on or after the PARTICIPATION DATE shall, save as is provided for in Rule 3.1.2 below, become a MEMBER of the FUND as from the first day of the month coinciding with or next following the date on which he/she fulfils the membership conditions in the SCHEDULE.

3.1.1 An ELIGIBLE EMPLOYEE who is in SERVICE on the PARTICIPATION DATE but who is not yet a MEMBER of the FUND shall have the option:

- (a) to become a MEMBER of the FUND on that date,
or
- (b) to become a MEMBER of the FUND within twelve months after the PARTICIPATION DATE, or
- (c) to waive his/her right to become a MEMBER of the FUND,

provided that an ELIGIBLE EMPLOYEE who fails to join the FUND within twelve months of the PARTICIPATION DATE or

who waives his right to join the FUND shall not be entitled to join the FUND at a later date.

3.2 Cessation of membership

3.2.1 A MEMBER may not withdraw from the FUND while he remains in SERVICE.

3.2.2 A MEMBER'S membership of the FUND shall terminate on cessation of SERVICE.

3.3 Temporary absence

3.3.1 At the discretion of the BOARD a MEMBER'S SERVICE may include any period of temporary absence from SERVICE. The maximum period to be so included shall be twenty-four months, after which the MEMBER'S SERVICE shall automatically be deemed to have terminated.

3.3.2 Where a MEMBER'S temporary absence is so included

- a) his PENSIONABLE SALARY shall not be increased during his absence,
- b) the provisions of the rules relating to death and disability benefits shall continue to apply.

3.3.3 If a member is on leave without pay, no contributions will be made by him in terms of Rule 4.1 or by the EMPLOYER in respect of him in terms of Rule 4.3 but the EMPLOYER will continue to contribute in respect of him in terms of Rule 4.3.1 (b) and (c) and for the purposes of the FUND he will be deemed to remain in SERVICE and the benefit payable in terms of Rule 6.1 and Rule 7.2 will continue to apply:-

- a) throughout the period of leave, if the MEMBER'S leave is due to reasons other than sickness; or
- b) for no longer than twelve months, if the MEMBER'S leave is due to reasons other than

sickness;

Should the MEMBER return to work after twelve months, he will be re-instated as a new MEMBER and the provisions of Rule 7.5 will apply.

3.4 Transfers from PREVIOUS FUNDS

3.4.1 Notwithstanding any other provision in the rules to the contrary, the amount which is transferred in respect of a MEMBER who transfers from a PREVIOUS FUND shall be treated in accordance with the provisions of this rule.

3.4.2 Any period of pensionable service completed by a transferring MEMBER under a PREVIOUS FUND, shall be recognised as PAST PENSIONABLE SERVICE for the purpose of calculating a transferring MEMBER'S benefit. Such approval shall be effective from the date that the MEMBER joins the FUND.

3.4.3 Any amount received by the FUND from a PREVIOUS FUND in respect of the transferring MEMBER, shall be held in the MEMBER'S TRANSFER INDIVIDUAL ACCOUNT, as set out in Rule 9.4

3.5 Transfers from other APPROVED FUNDS

3.5.1 Notwithstanding any other provision in the rules to the contrary, the amount which is transferred in respect of a group of MEMBERS who has transferred from an APPROVED FUND, other than a PREVIOUS FUND, shall be treated in accordance with the provisions of this rule.

3.5.2 Any amount received by the FUND from an APPROVED FUND in respect of each transferring MEMBER, shall be held in such MEMBER'S INDIVIDUAL ACCOUNT, as set out in Rule 9.3.

3.6 ACTIVELY AT WORK

3.6.1 An ELEGIBLE EMPLOYEE must be at work attending to and capable of attending to all his normal duties on the first working day on which his cover is due to commence. If he is not so at work, the commencement of his cover shall be delayed until he submits evidence of his good health to the satisfaction of the TRUSTEES, or completes eight consecutive weeks' SERVICE without absence.

3.6.2 Where a cover increases due to a change in the benefit structure or an increase in a MEMBER'S SALARY, the MEMBER must be at work attending to or capable of attending to all his normal duties on the first day after which increased cover applies. If he is not at work, the commencement of the increase in his cover shall be delayed until he submits evidence of his good health to the satisfaction of the TRUSTEES, or complete eight consecutive weeks without absence.

4 CONTRIBUTIONS

4.1 MEMBER'S contributions

4.1.1 A MEMBER who is in SERVICE shall contribute to the FUND at the rate specified in the SCHEDULE. The contributions shall be deducted from his salary or wages at the end of each month by his EMPLOYER and paid to the FUND.

4.2 Voluntary and transfer contributions

4.2.1 With the agreement of the FUND a MEMBER may make voluntary contributions to the FUND by way of

- a) a lump sum to which he has become entitled on his withdrawal from another APPROVED FUND subject to the requirements of the REGISTRAR and the COMMISSIONER, and/or

- b) additional amounts in respect of any period of previous service with the EMPLOYER, or another employer, not otherwise recognised for the purpose of calculating his benefits under the FUND.

4.2.2 The period of past service in respect of such MEMBER shall be calculated in accordance with the following formula:

$$A \times \frac{B}{C} = D$$

Where:

A = the MEMBER'S period of membership of the FUND

B = the MEMBER'S total additional voluntary contributions

plus that portion of the FUND'S investment income as is deemed equitable by the ACTUARY in accordance with Rule 9.3.3

C = the MEMBER'S SHARE

D = the MEMBER'S period of past service.

4.2.3 These voluntary contributions shall be credited to the MEMBER'S INDIVIDUAL ACCOUNT.

4.3 EMPLOYER'S contributions

4.3.1 Each EMPLOYER shall contribute towards the FUND at the rate set out in the SCHEDULE, as agreed with the BOARD from time to time. The EMPLOYER contributions shall be applied as follows:

- a) the EMPLOYER contribution, less the amounts in (b) and (c) below, shall be applied towards the provision of retirement benefits in respect of the

MEMBER; and

- b) such amount as may be required to meet the cost of RISK BENEFITS provided by the FUND in respect of the MEMBER, shall be applied toward meeting the cost of such benefits; and
- c) such amount as may be required to meet all administrative costs and any other expenses incurred by the FUND, as approved by the BOARD, shall be applied towards meeting the cost of such expenses.

4.3.2 The EMPLOYER may make additional contributions to meet special circumstances from time to time, as agreed upon between the BOARD and the EMPLOYER, and subject to the approval of the COMMISSIONER.

4.4 Payment of contributions

4.4.1 All contributions paid by the MEMBERS and EMPLOYERS will be paid to the FUND within seven days of the end of the month in respect of which such contributions are due.

4.4.2 The last contribution in respect of a MEMBER shall be due on the last day of the month in which his SERVICE terminates.

4.4.3 In the event of any late payment of contributions as specified above, interest on the outstanding contributions shall be payable to the FUND at a call rate of interest.

4.5 Change in PENSIONABLE SALARY and status

4.5.1 Changes in the PENSIONABLE SALARY used to determine contributions and benefits in respect of a MEMBER shall take effect in the manner prescribed in the SCHEDULE.

4.5.2 If a MEMBER'S remuneration is reduced he may with the agreement of the BOARD elect to maintain his PENSIONABLE SALARY at its previous level.

4.5.3 Changes in the contributions or benefits in respect of a MEMBER shall take effect immediately where they depend upon his marital status, job grading or number of dependants.

4.6 Amounts to meet the cost of Risk Benefits

The amounts referred to in Rule 4.3.1 (b) of the Rules shall be paid into the FUND'S RISK Reserve Account, in order to fund:

(i) the costs, as determined by the ACTUARY for the month concerned, of the benefits referred to in Rules 6.1.1 and 7.2.1;

(ii) the cost of the CATASTROPHE COVER referred to in Rule 9.5.3 (c)

5 RETIREMENT BENEFITS

5.1 Retirement date

5.1.1 A MEMBER may retire on his NORMAL RETIREMENT DATE or on the first day of a month before or after his NORMAL RETIREMENT DATE. The MEMBER'S retirement before or after his NORMAL RETIREMENT DATE shall, for the purposes of these rules, be referred to as his early or late retirement date as the case may be.

5.2 Normal retirement

5.2.1 Subject to the rules below, a MEMBER shall retire from SERVICE on his NORMAL RETIREMENT DATE and shall be entitled to the retirement benefit specified in the SCHEDULE, payable in accordance with Rule 5.6.

5.3 Voluntary early retirement

5.3.1 With the consent of the EMPLOYER, a MEMBER who has attained age fifty-five may retire from SERVICE at any time during the ten year period preceding his NORMAL RETIREMENT DATE.

5.3.2 At the early retirement date the MEMBER will be entitled to the retirement benefit specified in the SCHEDULE, payable in accordance with Rule 5.6.

5.4 Ill-health early retirement

5.4.1 A MEMBER who is unable to continue working due to ill health may, with the consent of the EMPLOYER, retire at any time prior to the NORMAL RETIREMENT DATE on grounds of ill health. Unless he is entitled to a disability benefit in terms of Rule 7, he will be entitled to the retirement benefit specified in the SCHEDULE, payable in accordance with Rule 5.6.

5.5 Late retirement

5.5.1 A MEMBER may, with the consent of the EMPLOYER, remain in SERVICE after the NORMAL RETIREMENT DATE, and defer his retirement, in which case contributions will continue in respect of the MEMBER.

5.5.2 At the date of late retirement, the MEMBER shall become entitled to the retirement benefit specified in the SCHEDULE, payable in accordance with Rule 5.6.

5.6 Manner of payment of retirement benefits

5.6.1 The retirement benefits payable in terms of Rule 5 shall be payable as a lump sum on the MEMBER'S retirement date.

6 DEATH BENEFITS

6.1 DEATH IN SERVICE

6.1.1 If a MEMBER dies while in SERVICE prior to the first day of the month following his seventieth birthday, the following benefits shall be payable, subject to the provisions of Rule 6.3 and 11.6

- a) a lump sum benefit equal to thirty – six times the MEMBER'S PENSIONABLE SALARY as at the date of death; plus
- b) the MEMBER'S SHARE as at date of DEATH.

Should a MEMBER die whilst in SERVICE after attaining age seventy, only the MEMBER'S SHARE shall be payable.

6.1.2 Notification Period

6.1.2.1 A formal notification in writing, in respect of the benefit referred to in Rule 6.1.1 shall be lodged with the TRUSTEES within six months from the date of the MEMBER'S death, failing which the claim be referred to the TRUSTEES for a decision.

6.1.2.2 Information and documentation required by the TRUSTEES as proof of death shall be lodged with the FUND within twelve months from the date of death of the MEMBER, failing which the claim be referred to the TRUSTEES for a decision.

6.1.3 Payment of Benefit

Payment of the death benefit shall be made in terms of Section 37C of the Pension Funds Act No.24 of 1956 (as amended) referred to in Rule 6.3

6.2 Death in SERVICE after attainment of age seventy

6.2.1 On the death of a MEMBER in SERVICE on or after the first day of the month following his seventieth birthday, the MEMBER will be regarded as having retired on the date of his death. The MEMBER'S retirement benefit as at date of death shall then be payable.

6.2.2 The EMPLOYER shall notify the FUND in writing about the death of a MEMBER within six months thereof subject to the provisions of Rule 6.2.3.

6.2.3 Should the EMPLOYER fail to discharge its obligations as imposed by Rule 6.2.2 or negligently cause a MEMBER or BENEFICIARY to forfeit any benefit to which he is entitled in terms of these rules, the EMPLOYER shall be fully liable therefor.

6.3 Payment of death benefits

6.3.1 Benefits payable on the death of a MEMBER shall not form part of the estate of the MEMBER, but shall be dealt with in accordance with the provisions of Section 37C of the ACT, as follows,

- a) If the BOARD within twelve months of the death of the MEMBER becomes aware of or traces a DEPENDANT or
- b) DEPENDANTS of the MEMBER, the benefit shall be paid to such DEPENDANT or, in such proportions as may be deemed equitable by the BOARD, to such DEPENDANTS.
- c) If the BOARD 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 nominated in writing a beneficiary 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 liabilities in the MEMBER'S estate exceed the assets, the benefit or such part thereof as may be required to meet the excess liabilities, shall be paid into the MEMBER'S estate and the balance, if any, to the nominee.

- d) If a MEMBER has a DEPENDANT and has also designated in writing a nominee to receive the benefit or a portion of the benefit, the FUND shall within twelve months of the death of such MEMBER pay the benefit or such portion thereof to such DEPENDANT and/or nominee in such proportions as the BOARD deems equitable.
- e) If the BOARD 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, but to receive only a portion of the benefit, the benefit or the remaining portion of the benefit after payment to the 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.
- f) A payment by the FUND to a trustee contemplated in the Trust Property Control Act, 1998, Act No. 57 of 1988, for the benefit of a DEPENDANT or nominee shall be deemed to be a payment to such DEPENDANT or nominee.

7 TOTAL AND PERMANENT DISABILITY BENEFITS

7.1 Definitions

A MEMBER will be classified as totally and permanently disabled in terms of this Rule if the TRUSTEES receive notification from his EMPLOYER and satisfactory medical evidence that he is totally and permanently incapable of engaging in his own occupation or in any other occupation for which, in the TRUSTEES' opinion, he could be reasonably considered capable of engaging by virtue of his training and general experience for remuneration or profit, provide that as soon as possible after the DATE OF DISABLEMENT, such a MEMBER procures proper medical attention and carries out and follows in full the medical instructions and advice given.

7.2 Benefit

7.2.1 On the total and permanent disablement of a MEMBER in SERVICE on or before the first day of the month following his attainment of age sixty, the following benefits shall be payable after the expiry of the WAITING PERIOD:-

(a) the lump sum of thirty-six times the MEMBER'S PENSIONABLE SALARY as at the DATE OF DISABLEMENT, subject to the FREE-COVER LIMIT; plus

(b) the MEMBER'S SHARE as at DATE of DISABLEMENT;

less any benefits paid to the MEMBER from any other disability scheme operated by the PRINCIPAL EMPLOYER, if any, for the benefit of the MEMBERS, provided that the benefit referred to in this Rule shall be subject to the MAXIMUM CAPITAL DISABILITY BENEFIT.

7.2.2 Should the member become disabled during the ten year period prior to the first day of the month following the date on which he would attain the age of sixty, a reduced disablement benefit will be paid. The reduced disablement

benefit shall be calculated by multiplying the full benefit(excluding the MEMBER'S SHARE) by the number of complete months remaining until the first day of the month following the date on which the MEMBER will attain the age of sixty and dividing the result by 120.

7.2.3 The disablement benefit payable under this Rule shall, where necessary, be reduced by the TRUSTEES in accordance with the guidelines envisaged by the Life Offices' Association of South Africa.

7.3 Restrictions

7.3.1 A benefit payable in terms of Rule 7.2 will be subject to any restrictions which may have been imposed in terms of this Rule and any further restrictions or exclusions which may be agreed by the TRUSTEES from time to time and notified to the MEMBER in writing.

7.3.2 Upon application by the MEMBER, the FREE-COVER LIMIT may be waived subject to the MEMBER providing the TRUSTEES with satisfactory medical evidence of the MEMBER's good health. The cost of the medical evidence shall be for the MEMBER'S expense. The waiver of the FREE-COVER LIMIT shall be subject to the TRUSTEES assessment and approval of such application by the MEMBER on terms and conditions determined by the TRUSTEES from time to time.

7.3.3 The TRUSTEES have the power to require a new MEMEBER to be examined at the FUND'S expense by a medical practitioner appointed by the TRUSTEES.

7.3.4 Acting on the results of this examination, the TRUSTEES may decide that, with effect from the date on which such person is admitted as a MEMBER, the benefit referred to in Rule 7.21. shall be restricted in such a manner as they decide in consultation with the ACTUARY.

7.3.5 In the case of a member in respect of whom a restriction has been imposed by the TRUSTEES acting on the result of the medical practitioner appointed by the INSURER prior 1 April 2005, the TRUSTEES may decide that such restriction shall continue to apply.

7.3.6 The TRUSTEES must inform the MEMBER in writing of the terms of any restrictions imposed in terms of this Rule.

7.3.7 The disability benefit referred to in this Rule shall not be paid unless the claim (together with all the relevant medical evidence required from time to time) is to the satisfaction of the TRUSTEES.

7.4 Notification Period

(a) The disability benefit referred to in Rule 7.2.1 shall not be payable unless a formal written claim, together with all documentation required by the TRUSTEES, is lodged with the TRUSTEES not later than six months after the last day during which the MEMBER in question was last at work attending all his normal duties.

(b) The TRUSTEES will have the right to call for any medical evidence to their satisfaction, as the TRUSTEES may from time to time require at the FUND'S expense from the medical practitioner appointed by the TRUSTEES.

7.5 Pre-existing conditions exclusion

7.5.1. No benefit shall be payable in terms of Rule 7.2.1 as a result of a MEMBER'S disablement if the member is disabled during the first twelve months following his ENTRY DATE and his disability, in the reasonable opinion of the TRUSTEES based on objective medical evidence, is directly or indirectly attributable to an injury or illness in respect of which he sought medical advice for, or about which he knew or could reasonably be expected to have known, during the six

month period preceding the date on which he became a MEMBER.

- 7.5.2 Where a MEMBER'S DISABLEMENT benefit increases due to a change in the benefit structure, the amount of the disablement benefit attributable to the increase in cover shall not be paid in respect of the MEMBER, if:
 - 7.5.2.1 he is disabled during the twelve-month period immediately following the change in the benefit structure; and
 - 7.5.2.2 his disability, in the opinion of the TRUSTEES, arises from any injury, illness or condition which the MEMBER knew about or could reasonably be expected to have known about or was diagnosed with or was treated for or displayed symptoms of within the six months prior to the effective date of the change in the benefit structure.

- 7.5.3 Where a MEMBER becomes entitled to a disablement benefit as a result of a change in the definition of the Total and Permanent disablement, no disablement benefit shall be paid in respect of the MEMBER, if:
 - 7.5.3.1 he is disabled during the twelve - month period immediately following the effective date of the change in definition; and
 - 7.5.3.2 his disability in the opinion of the TRUSTEES, arises from injury, illness or condition which the MEMBER knew about or could reasonably be expected to have known about or was diagnosed with or was tested for or displayed symptoms of within six months prior to the effective date of the change in definition.

- 7.5.4 Where, immediately prior to the PARTICIPATION DATE, a MEMBER had cover under a previous policy providing disability benefits effected by the EMPLOYER for the benefit of employees, such MEMBER shall be deemed to be a MEMBER as provided in terms of the Rules and the provisions

of Rule 7.5 will not apply, but in the event that the MEMBER has pre-existing conditions as contemplated in Rule 7.5 the MEMBER will only be covered to the extent that the cover will not be greater than that which was previously provided for such MEMBER under the said previous policy immediately prior to the PARTICIPATION DATE.

7.5.5 Upon application by the MEMBER, the pre-existing conditions may be waived subject to the MEMBER providing the TRUSTEES with satisfactory evidence to the contrary to the provisions of this Rule. The waiver of the pre-existing conditions shall be subject to the TRUSTEES assessment and approval of such application by the MEMBER on terms and conditions determined by the TRUSTEES from time to time.

7.5.6 All medical evidence in support of a disability claim shall in the first instance be provided at the MEMBER'S expense with the exception of circumstances referred to in Rule 7.3.3 and Rule 7.4 (b)

7.5.7 Should the TRUSTEES request any additional medical evidence or second medical opinion, the cost of such evidence or opinion shall be met by the FUND.

7.6 Repudiated Claims

7.6.1 The TRUSTEES shall, in writing, admit or reject a claim within a reasonable period after receipt of the same but shall have no obligation to admit or reject a disability claim prior to the expiry of the WAITING PERIOD. In the event that the MEMBER disputes the rejection of the claim, legal proceedings shall be instituted within two years from the date of the rejection, failing which all the claimant's rights in respect of the claim shall cease.

7.6.2 No benefit shall be payable in respect of a disability claim, where the DATE of DISABLEMENT is prior to the ENTRY DATE or

PARTICIPATION DATE, or where the MEMBER has attained age sixty.

- 7.6.3 Should a MEMBER be disabled on or after attaining age sixty, the MEMBER shall be entitled to an ill-health early retirement benefit referred to in terms of Rule 5.4.

7.7 Payment of Benefit

Payment of the disability benefit will be made in a lump sum from the FUND.

8 WITHDRAWAL BENEFITS

8.1 Cash benefit

- 8.1.1 A MEMBER who resigns, is dismissed or is RETRENCHED, and who does not qualify for a retirement benefit, shall be termed a withdrawing MEMBER and shall be paid the withdrawal benefit specified in the SCHEDULE in cash.

8.2 Preserved benefit

- 8.2.1 A withdrawing MEMBER may choose in place of a cash payment as set out above to have a preserved benefit. In this case the MEMBER'S cash benefit will be transferred to an APPROVED FUND, including an APPROVED PRESERVATION FUND in which the EMPLOYER has agreed to participate prior to the MEMBER'S date of resignation, dismissal or RETRENCHMENT, as the case may be.

9 FINANCIAL STRUCTURE

9.1 Reserve Account

- 9.1.1 A separate account, to be named the Reserve Account, shall be maintained under the banking account maintained in respect of the FUND.

- 9.1.2 The Reserve Account shall be credited with the following:

- a) Any amounts by which the investment earnings of the FUND exceed the amount of interest declared by the BOARD in consultation with the ACTUARY.
- b) the investment income that is earned on the assets in the Reserve Account.

9.1.3 The Reserve Account shall be utilized for the following:

- a) to stabilise the investment returns of the FUND,
- b) subject to S15B of the ACT, to enhance the value of all MEMBERS' SHARES where possible ,
- c) to apportion to MEMBERS on exit in terms of Rule 5, Rule 6, Rule 7 and Rule 8 where possible,
- d) to offset RISK BENEFIT and other expenses incurred by the FUND,

9.1.4 The reserve account funds may only be utilised for other purposes with the approval of the COMMISSIONER and the REGISTRAR.

9.2 MEMBER'S SHARES

9.2.1 Each MEMBER'S SHARE shall comprise of the following:

- a) All contributions made to the FUND by a MEMBER in terms of Rule 4.1 and all contributions made by the EMPLOYER in respect of the MEMBER'S retirement benefits in terms of Rule 4.3.1 (a), plus
- b) Any amount held in respect of the MEMBER in the MEMBER'S INDIVIDUAL ACCOUNT as set out in Rule 9.3, plus
- c) Such amounts as may be payable in respect of a MEMBER from the MEMBER'S TRANSFER INDIVIDUAL ACCOUNT, as set out in Rule 9.4.4, plus

- d) Such portion of the investment income of the FUND on the amount in (a) above as declared by the BOARD in consultation with the ACTUARY.

9.3 MEMBERS' INDIVIDUAL ACCOUNTS

9.3.1 An individual account shall be maintained in respect of each MEMBER, to be known as the MEMBER'S INDIVIDUAL ACCOUNT.

9.3.2 The MEMBER'S INDIVIDUAL ACCOUNT shall be credited with:

- a) Any voluntary contributions made by a MEMBER in terms of Rule 4.2, and
- b) Any lump sum transferred from another APPROVED FUND in terms of Rule 3.5.

9.3.3 Each MEMBER'S INDIVIDUAL ACCOUNT shall be credited with the investment income earned on the assets in the MEMBER'S INDIVIDUAL ACCOUNT.

9.4 MEMBERS' TRANSFER INDIVIDUAL ACCOUNTS

9.4.1 Any amount transferred on behalf of a MEMBER from a PREVIOUS FUND in terms of Rule 3.4, shall be retained in a separate account maintained on behalf of such MEMBER, to be known as the MEMBER'S TRANSFER INDIVIDUAL ACCOUNT.

9.4.2 Each MEMBER'S TRANSFER INDIVIDUAL ACCOUNT shall be credited with the investment income earned on the assets in the MEMBER'S TRANSFER INDIVIDUAL ACCOUNT.

9.4.3 The amount payable in respect of each year of PAST PENSIONABLE SERVICE of a MEMBER shall be equal to the balance in the MEMBER'S TRANSFER INDIVIDUAL ACCOUNT at the date a benefit becomes payable, divided by the number of years of PAST PENSIONABLE SERVICE (each completed calendar month being taken as one-twelfth of a year).

9.4.4 On a MEMBER'S withdrawal from SERVICE, death or retirement, the MEMBER'S TRANSFER INDIVIDUAL ACCOUNT shall be payable.

9.5 RISK RESERVE ACCOUNT

9.5.1 A Risk Reserve Account shall be maintained by the FUND to which shall be credited:

- a) any amount referred to in Rule 4.3.1 (b);
- b) such portion of the amount referred to in Rule 4.3.1 (c) as is sufficient to meet the expenses of the Risk Reserve Account; and
- c) amounts paid to the FUND by an insurer in respect of CATASTROPHE COVER, if so decided by the FUND.

9.5.2 The amount standing to the credit of the Risk Reserve Account will be increased or decreased by interest at a rate declared by the TRUSTEES on advice of the ACTUARY.

9.5.3 The amount standing to the credit of the Risk Reserve Account will be applied to:

- a) meet the costs of benefits for that particular month concerned, payable in terms of Rule 6.1.1 and Rule 7.2.1;
- b) meet the costs of risk administration fees;
- c) premiums payable by the FUND to the insurer in respect of CATASTROPHE COVER, if so decided by the FUND.

10 FUND MANAGEMENT

10.1 BOARD OF TRUSTEES

10.1.1. The management of the FUND shall vest in a Board of TRUSTEES, consisting of not less than six persons.

- 10.1.2 The TRUSTEES shall not be entitled to any remuneration for their services as such.
- 10.1.3 The TRUSTEES shall be elected as follows:
- (a) TRUSTEES shall be elected from amongst MEMBER representatives at an Annual General Meeting. At least two TRUSTEES shall be elected from each province, namely KwaZulu Natal, Eastern Cape, Mpumalanga, Western Cape, Free State, Gauteng, Limpopo, Northern Cape and North Western Provinces. TRUSTEES shall be elected by secret ballot or by show of hands, as determined by the MEMBER representatives and/or presiding officer present at that meeting.
 - (b) The UNION shall be entitled to nominate two representatives of the UNION as TRUSTEES, who shall be members of the FUND.
 - (c) If an EMPLOYER has more than 5 000 employees who are MEMBERS of the FUND, the MEMBERS who are employees of such an EMPLOYER, shall be entitled to nominate an additional TRUSTEE.
- 10.1.4 A TRUSTEE elected by the MEMBERS must be a MEMBER of the FUND.
- 10.1.5 The TRUSTEES shall hold office for a period of three years, provided that the TRUSTEES shall be eligible for re-election. In the event of a vacancy of a TRUSTEE'S office for any reason, another TRUSTEE shall be elected to replace that TRUSTEE at the next provincial meeting of MEMBER representatives. In the event of a delay in the election of

another TRUSTEE, the existing TRUSTEE shall continue in office until the other TRUSTEE has been elected.

10.1.6 The UNION shall have the right to remove any or all of the TRUSTEES appointed by the UNION from office at any time. Any TRUSTEE may resign at any time by giving notice in writing to the other TRUSTEES of his intention to do so. The removal of TRUSTEES in terms of this clause 10.1.6 shall take place on submission of valid and acceptable reasons to the BOARD.

10.1.7 A TRUSTEE shall cease to hold office in any of the following circumstances:

- (a) on the appointment of a replacement TRUSTEE;
- (b) if he resigns or is removed from office in terms of Rule 10.1.6;
- (c) if he becomes mentally or physically incapable of acting as a Trustee;
- (d) if his estate is sequestrated, surrendered or assigned in favour of his/her creditors;
- (e) if he is removed by a court of law from any office of trust as a result of misconduct;
- (f) if he is convicted by a court of law of theft, perjury, forgery or fraud or a similar offence;
- (g) if he is convicted of any offence and sentenced to prison without the option of a fine;

- (h) if he is absent without leave from three consecutive meetings of the BOARD;
- (i) if in the opinion of the board, he is unfit to continue as TRUSTEE.
- (j) if he ceases to be a MEMBER.

- 10.1.8 The BOARD shall establish sub-committees in order to advise, assist and make recommendations in all matters relating to the operation of the FUND. These sub-committees shall be divided into Investment Sub-committee, Administration Sub-committee and Risk Benefits Sub-committee, provided that the BOARD may establish new and adhoc sub-committees as it may deem necessary. The BOARD shall also establish an Executive Committee, which shall supervise the operations of the FUND in between BOARD meetings. Functions and powers of sub-committees and the Executive committee shall be set out in the delegation documents, which shall be annexures to these rules.
- 10.1.9 Each municipality shall be entitled to elect two MEMBER representatives and each unit shall be entitled to elect one MEMBER representative.
- 10.1.10 In particular, MEMBER representatives will be entitled to make recommendations to the TRUSTEES for (i) any alterations to these RULES, (ii) the administrative procedures of the FUND and (iii) payment of death benefits.
- 10.1.11 The TRUSTEES may decide that any power of decision on any matter that is vested in them, other than a financial matter of the FUND, shall be delegated to the MEMBER representatives and the decision of the MEMBER representatives on such matter shall, unless the TRUSTEES

stipulate that it shall be referred to them for ratification, be regarded as a decision made by the TRUSTEES.

10.1.12 MEMBER representatives shall hold a provincial annual general meeting any time between August and October.

10.1.13 The provisions of Rules 10.1.2 to 10.1.7 shall apply *mutatis mutandis* to MEMBER representatives.

10.2 Object and Duties of the BOARD

10.2.1 The object of the BOARD shall be to direct, control and oversee the operations of the FUND in accordance with the applicable laws of the Republic of South Africa and these rules.

10.2.2 The duties of the BOARD shall be to:

- a) ensure that proper registers, books and records of the operations of the FUND are kept, inclusive of proper minutes of all resolutions passed by the BOARD;
- b) ensure that proper control systems are employed by or on behalf of the BOARD;
- c) ensure that adequate and appropriate information is communicated to MEMBERS informing them of their rights, benefits and duties in terms of these rules;
- d) take all reasonable steps to ensure that contributions are paid timeously to the FUND in accordance with the ACT;
- e) obtain expert advice on matters where the BOARD members may lack sufficient expertise;
- f) ensure that these rules and the operation and the

administration of the FUND comply with the ACT, the Financial Institutions (Protection of Funds) Act, 2001 (Act No. 28 of 2001) and all other applicable laws of the Republic of South Africa.

10.3 Procedure at Meetings of the BOARD

10.3.1 The BOARD shall meet from time to time as is necessary to conduct the business of the FUND.

10.3.2 Minutes shall be kept of all meetings.

10.3.3 The BOARD shall appoint a chairperson and a vice-chairperson. The chairperson, or in the absence of the chairperson, the vice-chairperson, shall preside at all meetings. In the absence of the chairperson and vice-chairperson from any meeting, an acting chairperson shall be elected for the occasion by those TRUSTEES present.

10.3.4 A quorum shall be 50% + 1.

10.3.5 Subject to there being sufficient TRUSTEES to form a quorum as laid down in Rule 10.3.4, the BOARD shall be entitled to act notwithstanding the existence of any vacancy for the time being.

10.3.6 The BOARD shall meet at least twice a year, but meetings may be called at any time by the chairperson.

10.4 Powers of the BOARD

10.4.1 The BOARD shall generally take all steps required to give effect to the objects of the FUND and to fulfil their duties in terms of the rules and the ACT.

10.4.2 In particular, the BOARD shall have the following powers:

- a) to receive, administer and apply the moneys of the FUND;

- b) to operate a banking account in the name of the FUND;
- c) to effect and/or maintain contracts with INSURERS;
- d) to raise, borrow or lend moneys, at interest or otherwise, for the purposes of the FUND;
- e) to acquire, hold, alienate or otherwise deal with any movable or immovable property of the FUND, subject to the provisions of Section 19 of the ACT;
- f) in respect of all moneys not immediately required to meet current charges upon the FUND, to lend, invest, put out at interest, place on deposit, make advances or otherwise deal with the moneys of the FUND upon such securities and in such manner as they may determine and to realise, vary, reinvest or otherwise deal with such securities as they may determine and in particular to advance moneys on the security of first mortgage bonds over immovable property; provided that any advance on first mortgage shall not exceed seventy-five per cent of the value of the immovable property concerned as assessed on the date of the advance;
- g) to grant housing loans to MEMBERS or to provide guarantees in respect of housing loans to MEMBERS, in accordance with the provisions of Section 19(5)(a) of the ACT and Rule 11.5, and subject to such terms and conditions as they may determine;
- h) in the name of the FUND, to enter into and sign any contracts or documents and to institute, conduct, defend, compound or abandon any legal proceedings by or against the FUND;
- i) to make bye-laws prescribing the form and the

manner in which claims shall be lodged and dealt with by the FUND;

- j) generally to do all such other acts or things as are, in the opinion of the BOARD, conducive to the attainment of the objects of the FUND, including the appointment of an ADMINISTRATOR.

10.5 PRINCIPAL OFFICER

- 10.5.1 The BOARD shall appoint a PRINCIPAL OFFICER and, if necessary, a secretary and other staff on such terms and conditions as it may determine, which appointments may be changed by the BOARD at its sole discretion.
- 10.5.2 The BOARD shall notify the REGISTRAR of the name and address of the PRINCIPAL OFFICER.
- 10.5.3 The PRINCIPAL OFFICER shall be an individual resident in the Republic of South Africa. If the PRINCIPAL OFFICER is absent from the Republic of South Africa or for any reason is unable to discharge any of his duties, the BOARD shall within thirty days appoint another person to be PRINCIPAL OFFICER. The BOARD shall within thirty days of such appointment notify the REGISTRAR of such appointment.

10.6 Actuarial Investigations

- 10.6.1 The ACTUARY shall examine the affairs of the FUND for the purposes of making such reports to the REGISTRAR as are required by the ACT, at least every three years or at the request of the FUND.
- 10.6.2 By reason of its liability to meet the costs of the benefits payable in terms of Rule 6.1 and Rule 7.2, the financial condition of the FUND will be investigated and reported on by the ACTUARY at intervals not exceeding three years. The TRUSTEES will forward a copy of such report to the

REGISTRAR and will cause a copy of such report or summary thereof to be sent to every EMPLOYER participating in the FUND.

10.6.3 If the valuation discloses that there is a substantial actuarial surplus or that there is a deficit that requires to be funded, the manner of dealing with the surplus or funding the deficit will be considered by the TRUSTEES in consultation with the ACTUARY. Where there is a deficit, it is specifically provided that the TRUSTEES will have the power to direct:-

- a) that any future benefits shall be reduced to the extent permitted by the ACT; or
- b) that the amount referred to in Rule 4.3.1 (b) be increased.

10.6.4 Any decision taken by the TRUSTEES in consultation with the ACTUARY on the manner of dealing with any surplus will be made within the limitations made by the ACT and REGISTRAR'S practice, and will be final. Where necessary, the TRUSTEES will alter the RULES to give effect to such decision.

10.7 AUDITOR

10.7.1 The BOARD shall appoint an AUDITOR subject to the provisions of the ACT.

10.7.2 The appointment shall remain in force for a period of one year, unless the AUDITOR is discharged by the BOARD or the AUDITOR withdraws, prior to the expiry of the said period, in which case a new appointment shall be made for the remainder of the year.

- 10.7.3 The AUDITOR shall have access to all books, papers, vouchers, accounts and documents pertaining to the FUND which are required to conduct a FUND audit as required in terms of the ACT.
- 10.7.4 The AUDITOR shall certify the result of each audit in writing.
- 10.7.5 The BOARD shall furnish the REGISTRAR with the audited accounts of the FUND in accordance with the provisions of the ACT.

10.8 Bank Account and Books of Account

- 10.8.1 The BOARD shall ensure that a banking account is opened, maintained and conducted in the name of the FUND at any registered banking institution. All moneys received by or on behalf of the FUND shall be deposited into such account.
- 10.8.2 The BOARD shall ensure that full and true accounts of the FUND are kept, to be closed off at the end of each FUND YEAR, and to be audited by the AUDITOR.
- 10.8.3 Such audited accounts shall be presented to and approved by the BOARD forthwith.
- 10.8.4 The BOARD shall cause to be circulated with the agenda for the annual meeting of the UNION, duly audited financial statements and a report on the state or financial condition of the FUND in respect of their trusteeship for the preceding FUND YEAR.
- 10.8.5 MEMBERS shall be entitled to inspect a copy of the annual financial statement on application to the FUND.

10.9 Securities

- 10.9.1 All securities shall be registered in the name of the FUND or in the name of any other organisation' approved for this

purpose by the REGISTRAR, and no security shall be transferred, varied, disposed of, or otherwise alienated, except with the written approval of the BOARD.

10.9.2 All title deeds and other securities belonging to or held by the FUND, shall be kept in the safes or strong rooms at the registered office of the FUND or in a registered banking institution.

10.10 Signing of Documents

10.10.1 The BOARD shall authorise two TRUSTEES as they may determine from time to time, upon such terms and conditions as may be determined by them, to sign all cheques, contracts or other documents pertaining to or on behalf of the FUND. The PRINCIPAL OFFICER, Operations Manager and Administration Manager shall also be authorised to sign cheques, transfer of funds and employment contracts of the FUND.

10.10.2 Documents to be deposited with the REGISTRAR shall be signed in the manner prescribed by the ACT.

10.11 Complaints and the ADJUDICATOR

10.11.1 Notwithstanding any other provisions of the rules, any COMPLAINANT shall have the right to lodge a complaint as defined in the ACT, and relating to the administration of the FUND, the investment of its funds or the interpretation and application of the rules, with the BOARD.

10.11.2 The BOARD shall properly consider and reply to such complaint in writing within thirty days after receipt thereof.

- 10.11.3 Should the COMPLAINANT not be satisfied with the reply, or should the FUND or EMPLOYER fail to reply within the thirty day period referred to in Rule 10.11.1 the COMPLAINANT may lodge the complaint with the ADJUDICATOR in accordance with the provisions of the ACT.

10.12 Fidelity Guarantee Insurance

- 10.12.1 The BOARD shall insure the FUND against loss resulting from the negligence, dishonesty or fraud of any of its officers (including the TRUSTEES), the EMPLOYER or any official of the FUND having the receipt or charge of moneys belonging to the FUND.

10.13 Indemnification

- 10.13.1 No TRUSTEE shall be responsible for any loss suffered by the FUND for depreciation in any assets except where such loss or depreciation is due to the negligence, dishonesty or fraud of the TRUSTEE concerned.
- 10.13.2 Every TRUSTEE and officer of the FUND is indemnified by the FUND in respect of all liabilities and expenses incurred by him in the execution or purported execution of any powers, authorities or discretions vested in him under these rules and against all proceedings, costs and expenses incurred by him by reason of any claim in connection with the FUND not arising from his negligence, dishonesty or fraud.

10.14 Administration Expenses

- 10.14.1 All expenses in connection with the administration of the FUND as well as the investment of moneys of the FUND, consultancy fees and fees relating to investigations of the FUND and legal or other advice obtained, shall be borne by the FUND.

11 GENERAL PROVISIONS

11.1 Rules

- 11.1.1 The FUND is governed by these rules.
- 11.1.2 The provisions of the rules shall be binding on the MEMBERS, the PARTICIPATING EMPLOYERS, the FUND and its officials, and any person who institutes a claim under the FUND or the rules, or whose claim is derived from a person so claiming.
- 11.1.3 The BOARD shall have the right to amend the rules at any time, provided that-
- a) any amendment to the rules shall not be inconsistent with the provisions of the ACT and the INCOME TAX ACT;
 - b) any amendment which relates to the EMPLOYER contributions shall be subject to the EMPLOYER'S agreement with the UNION;
 - c) the right of the BOARD to amend the rules shall include the right to increase MEMBER contributions and to decrease benefits, provided that no reduction in benefits shall be effective retrospectively;
- 11.1.4 All amendments shall be signed by the duly authorised officials of the FUND in accordance with regulation 20 to the ACT; and shall be submitted to the REGISTRAR for approval in terms of the ACT and to the COMMISSIONER.
- 11.1.5 Within a period of six months after each REVIEW DATE, the PRINCIPAL OFFICER shall notify MEMBERS of all rule amendments that have been registered during the preceding FUND YEAR.

11.1.6 Each MEMBER will be entitled to inspect the rules at reasonable times by appointment with the BOARD and will on request be issued with a copy of the rules subject to the payment of such fee as may be appropriate from time to time.

11.2 Currency

11.2.1 All benefits and contributions payable in terms of the rules shall be payable in the currency of the Republic of South Africa.

11.3 Taxation

11.3.1 The FUND shall deduct income tax from any benefit payable and shall account to the person entitled to receive the benefit for the deduction.

11.4 Greater Benefits

11.4.1 In special circumstances the BOARD may direct that a benefit be paid which is greater than that otherwise provided under the rules. Payment of the greater benefit will be subject to the agreement of the COMMISSIONER and any stipulations made by the ACTUARY.

11.5 Housing Loans

11.5.1 The FUND shall have the power to bind itself or to guarantee and/or stand surety in favour of one or more recognised financial institutions in respect of housing loans granted by any such recognised financial institution to MEMBERS for the purposes contemplated in section 19(5) of the ACT.

11.5.2 The FUND shall guarantee such loans granted to MEMBERS subject to the following conditions:

a) the loans must be for the purpose of obtaining

housing and in accordance with the requirements stipulated in section 19(5) of the ACT;

- b) the amount in respect of which the guarantee is furnished shall not exceed eighty per cent of an amount equal to the MEMBER'S withdrawal benefit that would have been paid had he withdrawn from the FUND on the date on which he made application for the said loan;
- c) on the MEMBER'S retirement, death or withdrawal from the SERVICE, the FUND shall be entitled to deduct from the MEMBER'S benefit the amount due to the said recognised financial institution in respect of the said loan, together with interest, as advised to the FUND in writing by the said financial institution, but not exceeding the total amount of the guarantee given by the FUND.
- d) In the event that a MEMBER remaining in SERVICE defaults in repayments on a housing loan guaranteed by the FUND in terms of Rule 11.5.1 above, and such institution demands from the FUND payment of the full outstanding amount of the housing loan granted to the MEMBER, the FUND shall be entitled to recover such amount from the MEMBER. The FUND will however be required to give due consideration to all available alternatives for repayment of the loan by the MEMBER. The FUND may then direct, as a last resort, that the amount of the loan, together with any interest and tax which may be payable on such amount, be recovered from the amount to which the MEMBER would have been entitled in terms of Rule 8.1, had he resigned from SERVICE on the date on which the FUND authorises payment of the housing loan amount to

such institution. The MEMBER'S SHARE shall be adjusted accordingly.

11.6 FUND'S power over payment

11.6.1 If the FUND has good reason to believe that any MEMBER, DEPENDANT or BENEFICIARY entitled to benefits in terms of the rules is:

- a) owing to disease, mental disorder or defect, not responsible for his actions or incapable of managing his affairs, or
- b) addicted to the excessive use of any drugs or of intoxicating liquors or is otherwise of intemperate habits, or
- c) a prodigal, or
- d) failing or has failed on account of imprisonment, desertion, or any other cause to support persons dependent upon him for maintenance, it may direct that the benefits be paid in whole or in part to a guardian, curator or trustee for the benefit of the MEMBER, DEPENDANT or BENEFICIARY.

11.6.2 The FUND shall not direct as provided above unless it has given prior notice of its intention to consider the matter to the MEMBER, DEPENDANT, BENEFICIARY or his representative and the latter has been given a full opportunity of presenting factors to the FUND which may be relevant to the matter.

11.7 Deductions from Benefits

11.7.1 The EMPLOYER shall have no charge or lien on, or right to, any benefit or moneys payable to a BENEFICIARY in terms of the rules, except that the following amounts due to the EMPLOYER may be deducted from such benefits:

- a) any housing loan granted by an EMPLOYER to a

MEMBER in terms of Section 19(5)(a) of the ACT;

- b) any amount for which the EMPLOYER has granted a guarantee in respect of a housing loan in terms of Section 19(5)(a) of the ACT;
- c) damage suffered by the EMPLOYER as a result of the MEMBER'S theft, dishonesty, fraud or misconduct provided the liability to the EMPLOYER has either been admitted by the MEMBER in writing or judgment has been obtained against the MEMBER in a court of law, subject to the provisions of Section 37D of the ACT and the provisions of the INCOME TAX ACT.

11.7.2 Any amount so deducted shall be payable to the EMPLOYER forthwith.

11.8 Unclaimed Moneys

11.8.1 Any moneys payable in terms of these rules, which remain unclaimed for a period of three years after the date on which they become payable, shall be paid into an account set up for this purpose.

11.9 Protection of Benefits

11.9.1 The FUND'S benefits are protected in accordance with the provisions of section 37A and 37B of the ACT.

11.9.2 No benefit or right thereto is capable of being reduced, transferred or otherwise ceded, or of being pledged or hypothecated or liable to be attached or subjected to any form of execution under a judgment or order of a court of law, save as specifically provided in the ACT or the Divorce Act, 1979 (as amended).

11.10 Moneys not to revert to EMPLOYER

11.10.1 The EMPLOYER shall not derive any monetary advantage from moneys payable into or out of the FUND and no such moneys shall become the property of the EMPLOYER.

11.11 Transfers from the FUND

11.11.1 In the event that any portion of the business of the FUND is transferred to or amalgamates with any other APPROVED FUND, business or organisation, the following provisions shall apply:

- a) The BOARD shall determine the amount to be transferred (hereinafter referred to as the "TRANSFER VALUE") in respect of each MEMBER who is to be transferred from the FUND, which amount shall consist of the MEMBER'S SHARE.
- b) The TRANSFER VALUE in respect of each MEMBER to be transferred to such fund shall, with effect from the effective date of transfer, be transferred to such other fund, business or organisation, subject to the approval of the REGISTRAR and subject to the provisions of Section 14 of the ACT.
- c) Once the TRANSFER VALUE has been transferred to such fund, business or organisation, the affected MEMBERS' membership of the FUND shall cease and the FUND shall thereafter have no further liability to or in respect of such former MEMBERS.

12 TERMINATION

12.1 Termination of the FUND

12.1.1 The FUND may be terminated:

- a) by the BOARD at any time, by giving three months

prior written notice to the UNION, MEMBERS and the EMPLOYERS ; or

- b) by order of court, as contemplated in section 29 of the ACT; or
- c) if all the EMPLOYERS cease to carry on business or are wound up (whether voluntarily or not), provided that in the event that all the EMPLOYERS' businesses are wound up for the purpose of reconstruction in a similar or amended form, the reconstructed businesses shall have the right to take the place of the EMPLOYERS, and if it exercises such right the FUND shall not be affected except that "EMPLOYERS" shall then mean the EMPLOYERS as reconstructed.

12.1.2 Should the FUND be terminated in terms of Rule 12.1.1 above, the BOARD shall appoint a liquidator, whose appointment shall be subject to the approval of the REGISTRAR, to liquidate the FUND in accordance with the provisions of the ACT.

12.2 Termination of EMPLOYER'S Participation

12.2.1 In the event that:

- a) an EMPLOYER is wound up, whether voluntarily or not, or
- b) an EMPLOYER ceases to carry on business or transfers the whole of its business to, or amalgamates with, any other business not participating in the FUND then such EMPLOYER shall cease to participate in the FUND.

12.2.2 The BOARD shall, subject to the approval of the REGISTRAR, appoint a suitable person to act as liquidator of the relevant portion of the FUND.

12.2.3 If the businesses of the EMPLOYERS is wound up for the purpose of reconstruction in a similar or amended form, the reconstructed business shall have the right to take the place of the EMPLOYER, and if it exercises such right the FUND shall not be affected except that "the EMPLOYER" shall then mean the EMPLOYER as reconstructed.

12.2.4 No part of the assets of the FUND shall be paid to the EMPLOYER except as is provided in Rule 11.7.

12.3 Apportionment of Assets

12.3.1 The liquidator shall determine the assets in the FUND, including any funds in the Reserve Accounts and shall divide such assets in an equitable manner amongst the MEMBERS of the FUND, subject to the provisions of the ACT and according full recognition to-

- a) the rights and reasonable benefit expectations of the MEMBERS in the FUND; and
- b) any additional benefits the payment of which has become established practice.

12.3.2 All former MEMBERS of the FUND who withdrew from the FUND, shall for the purposes of this rule be regarded as if they are MEMBERS of the FUND on the date of termination, provided that the benefits already paid to such former MEMBERS shall be taken into account in determining the amount payable to such former MEMBER.

12.3.3 At the discretion of the liquidator and depending on the financial position and composition of the FUND, a retired MEMBER may also share in the apportionment. The assets

apportioned to him will be used to secure additional retirement benefits for him as described above.

12.4 Application of apportioned assets

12.4.1 Each MEMBER'S share of the assets referred to above will be either:

- a) transferred for his benefit to an APPROVED FUND or APPROVED PRESERVATION FUND; or
- b) paid to the MEMBER in cash; as directed by the BOARD.

12.4.2 Alternatively each MEMBER'S share of the assets may be applied for the MEMBER'S benefit in such other manner as agreed upon by the BOARD and the EMPLOYER taking into account the recommendations of the liquidator.

12.4.3 Any transfer of assets in terms of the above will be subject to the terms and conditions of the INVESTMENT CONTRACT.

12.4.4 All monies remaining unclaimed for six months as from the date on which the payment of the benefits commenced shall be paid into an account set up for this purpose.

12.4.5 The liquidator shall indicate in the final liquidation account such amounts paid in terms of 12.4.4 above, and shall also furnish to the REGISTRAR a certificate to the effect that all reasonable steps have been taken to trace the persons concerned. The AUDITOR of the FUND shall certify the correctness of the account.

12.4.6 If any doubt arises regarding the date on which the payment of the benefits commenced, the liquidator shall decide such date for the purposes of Rule 12.4.4 and such decision shall be final.

12.4.7 If the FUND is terminated by an order of court, as contemplated in section 29 of the ACT, the provisions of such order regarding unclaimed moneys shall prevail.