

**INDEPENDENT SCHOOLS ASSOCIATION OF
SOUTHERN AFRICA PENSION SCHEME**

(Fund Registration No: 12/8/11388/1)

**RESOLUTION OF THE BOARD OF INDEPENDENT SCHOOLS ASSOCIATION OF
SOUTHERN AFRICA PENSION SCHEME**

PASSED AT ~~OLD MUTUAL SANDTON~~ ON THE 21st DAY OF JULY 2015.....

**RESOLVED THAT the MASTER RULES of the FUND be replaced by the attached
MASTER RULES as the official MASTER RULES of the FUND.**

The reasons for the revised MASTER RULES:


- (1) The provisions of all previous amendments (amendments 1 to 11) have been included.**
- (2) The MASTER RULES have been updated with any changes made to legislation.**
- (3) To generally improve wording where this was considered necessary.**

Resolution

50741/SM
Version 25.06.2015

CERTIFICATION


Certified that the Resolution, in terms of which the MASTER RULES have been accepted, as passed by the BOARD on the 21st day of July 2015 has been adopted in accordance with the provisions of the MASTER RULES of the FUND.


.....
CHAIRMAN OF THE BOARD


.....
PRINCIPAL OFFICER


.....
BOARD MEMBER

Certified that these are the MASTER RULES of the Independent Schools Association of Southern Africa Pension Scheme, which became effective on 1 September 2015


.....
CHAIRMAN OF THE BOARD



.....
PRINCIPAL OFFICER


.....
BOARD MEMBER

DEUR MY GEREISTREER OP HEDE DIE REGISTERED BY ME ON THIS THE	
<u>29th</u>	
DAG VAN DAY OF	<u>January</u> 20 <u>16</u>
<u>Apuleni</u>	
1	Registrateur van Pensioenfondse Registrar of Pension Funds

Certification

I hereby certify that the FUND will remain financially sound upon the registration of these revised MASTER RULES.

 (S. WALKER)

ACTUARY

21/7/2015

DATE

Certification

50741/SM
Version: 25.06.2015

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GENERAL SECTION

GENERAL SECTION

The definitions and the MASTER RULES as provided for in the General Section and any reference thereto shall be applicable to Part I, Part II and the General Section of these MASTER RULES.

RULE 1: DEFINITIONS AND INTERPRETATIONS

In these MASTER RULES, unless the context indicates otherwise:

- The General Section contains common definitions and/or MASTER RULES that are applicable to the General Section, Part I and Part II.
- Part I is applicable to the defined benefits.
- Part II is applicable to the defined contribution benefits.
- Definitions that are specific to a Part will be listed under such Part.
- The defined words and expressions are indicated by capital letters throughout.
- If a word appears in the singular, it must be read to include the plural; and likewise, if a word appears in the plural, it must be read to include the singular.
- If a pronoun or word refers to one gender it must be read to include the other genders.
- All the terms defined in the ACT which are not defined in the RULES, will bear the same meanings as are ascribed to them in the ACT.
- If reference is made to any statutory provision that has been repealed, the reference will be construed as a reference to the statutory provision, which substituted the provision referred to (if any).

ACT means the Pension Funds Act, 1956, as amended, the regulations, any board notice published under the Act or, if repealed, the substituting Act of Parliament including any matter prescribed by the REGISTRAR by notice in the Gazette and any regulations, regulating pension funds in South Africa.

ACTUARY means a natural person appointed by the BOARD in terms of MASTER RULE 3.17(2)(c) of this Section and whom the REGISTRAR has approved as the valuator of the FUND.

ADJUDICATOR means the Pension Funds Adjudicator or Deputy Pension Funds Adjudicator and any acting Pension Funds Adjudicator appointed in terms of the ACT.

ADMINISTRATOR means the administrator appointed by the BOARD in terms of MASTER RULE 3.17(2)(a) of this Section to administer the benefits of the FUND and to provide such additional services as may be agreed to by the FUND and the ADMINISTRATOR.

ANNUITY ACCOUNT means the account kept by the FUND in terms of MASTER RULE 8.2(2) of this Section.

APPROVED PENSION FUND means a fund approved as a pension fund by the REVENUE AUTHORITY.

APPROVED PRESERVATION PENSION FUND means a fund which provides for the preservation of pension benefits and which has been approved as a preservation pension fund by the REVENUE AUTHORITY.

APPROVED PRESERVATION PROVIDENT FUND means a fund which provides for the preservation of pension benefits and which has been approved as a preservation provident fund by the REVENUE AUTHORITY.

APPROVED PROVIDENT FUND means a fund approved as a provident fund by the REVENUE AUTHORITY.

APPROVED RETIREMENT ANNUITY FUND means a fund approved as a retirement annuity fund by the REVENUE AUTHORITY.

AUDITOR means an auditor engaged in public practice and registered under the Auditing Professions Act, 2005, appointed by the BOARD as the auditor of the FUND in terms of MASTER RULE 3.17(2)(b) of this Section and whose appointment has been approved by the REGISTRAR.

BANK ACCOUNT means an account opened and operated by the FUND with a bank as defined in the Banks Act, 1990, or a mutual bank as defined in the Mutual Banks Act, 1993.

BENEFICIARY means a beneficiary as defined in the ACT and any MEMBER or other person entitled to receive a benefit from the FUND.

BOARD means the board constituted in terms of MASTER RULE 3 of this Section, responsible for the managing of the FUND.

BOARD MEMBER means a natural person who is a member of the BOARD.

DEPENDANT means a dependant as defined in the ACT.

DISABILITY INCOME PLAN means a separate group disability income benefit in which a PARTICIPATING EMPLOYER participates in for the benefit of its employees. The benefit payable under the disability income plan is not a benefit of the FUND.

FINANCIAL YEAR means a period of 12 (twelve) months commencing 1 March in a year and ending 28 February or 29 February, as the case may be, in the next year.

FINANCIAL YEAR END means 28 February or 29 February, as the case may be.

FUND means the Independent Schools Association of Southern Africa Pension Scheme.

FUND ANNIVERSARY means 1 March.

INSURER means an insurer registered under the Long-term Insurance Act No. 52, 1998, as amended.

INVESTMENT POLICY means a policy of insurance issued by an INSURER in terms of the Long-Term Insurance Act 52 of 1998 in terms of which the INSURER provides benefits linked to the value of the assets of one or more INVESTMENT PORTFOLIOS approved by the BOARD.

INVESTMENT POLICY STATEMENT means the document which sets out the investment strategy of the BOARD and the matters referred to in MASTER RULE 9.1 of this Section and any other MASTER RULE relating to investments from time to time.

INVESTMENT PORTFOLIO means an investment in an investment product, a security as defined in the Securities Services Act, 36 of 2004, as amended from time to time, a registered collective investment scheme, or a BANK ACCOUNT, in each case approved by the BOARD for investment of the assets of the FUND in terms of these MASTER RULES and the INVESTMENT POLICY STATEMENT.

INVESTMENT PROVIDER means a person or company registered as an asset manager, INSURER or investment provider with the REGISTRAR, appointed by the BOARD under a written mandate to invest and administer any assets of the FUND in an INVESTMENT PORTFOLIO.

INVESTMENT RETURN means

- (a) the interest on so much of the credit balance in the BANK ACCOUNT as corresponds to any amount to the credit of an account in the FUND in terms of the MASTER RULES, or
- (b) dividends, interest, bonuses or other income received or accrued from, and realised or unrealised capital gains and losses in respect of each UNIT, expressed as a change to the UNIT price, where the investment is a unitised investment, or
- (c) in relation to an INVESTMENT PORTFOLIO which is a non-unitised investment, in which a MEMBER is invested, such bonuses, positive or negative, as are declared by the BOARD;

less any management charges and any other expenses deductible from or attributable to the BANK ACCOUNT, or UNIT or investment fund concerned, by the BOARD or the INVESTMENT PROVIDER providing the INVESTMENT PORTFOLIO relating to that UNIT.

ISASA means Independent Schools Association of Southern Africa.

MAIN ACCOUNT means the account maintained in terms of MASTER RULE 8.2(1) of this Section.

MASTER RULES means the rules set out in this document and all subsequent amendments thereto.

MEMBER means an ELIGIBLE EMPLOYEE whose membership of the FUND has been accepted by the FUND in terms of MASTER RULE 5.2 of this Section.

MEMBER ACCOUNT means the account maintained in respect of each MEMBER in terms of MASTER RULE 4.3(1) of Part I and of Part II.

NORMAL RETIREMENT AGE means the age selected by the PARTICIPATING EMPLOYER as set out in the SPECIAL RULES.

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

PARTICIPATION DATE means the date as determined by the PARTICIPATING EMPLOYER and recorded in the SPECIAL RULES of the PARTICIPATING EMPLOYER from which contributions are accepted by the FUND in respect of the MEMBERS of the SUB-FUND.

PARTICIPATING EMPLOYER means a School or other Body that is eligible through membership of ISASA or an associate whose participation with ISASA has been approved, and who has elected to participate. In relation to a MEMBER, PARTICIPATING EMPLOYER means the PARTICIPATING EMPLOYER by whom the MEMBER is employed at the time.

PARTICIPATING EMPLOYER SURPLUS ACCOUNT means the account, if any, maintained in respect of a PARTICIPATING EMPLOYER in terms of MASTER RULE 4.3(2) of Part I and of Part II.

PENSIONABLE SALARY means such sum notified to the FUND by the PARTICIPATING EMPLOYER to be treated as the pensionable salary of a MEMBER for all purposes of the FUND.

PENSIONER means a MEMBER who retired and is in receipt of a pension from the FUND.

POLICY OF INSURANCE means a policy of insurance issued by an INSURER.

PREVIOUS FUND means the fund identified in terms of the Section 14 of the ACT in which a MEMBER participated prior to participation in this FUND (if any), and where the assets and liabilities in respect of such MEMBER in the previous fund will be transferred to the FUND in terms of Section 14 of the ACT.

PRINCIPAL OFFICER means the person appointed by the BOARD in terms of MASTER RULE 3.17(1)(a) of this Section.

PROVIDENT FUND means Independent Schools Association of Southern Africa Provident Fund.

REGISTRAR means the Registrar as defined in the ACT.

RESERVE ACCOUNT means each of the accounts kept by the FUND -

(a) In terms of MASTER RULE 4 of Part I:

- SOLVENCY RESERVE ACCOUNT
- SURPLUS EXPENSE RESERVE ACCOUNT

(b) In terms of MASTER RULE 4 of Part II:

- INVESTMENT RESERVE ACCOUNT.

REVENUE AUTHORITY means the South African Revenue Service.

RISK BENEFIT means the amount payable in terms of the RISK POLICY in the event of the death of a MEMBER, if applicable, in terms of the SPECIAL RULES.

RISK POLICY means a POLICY OF INSURANCE issued by a RISK PROVIDER in terms of the Long Term Insurance Act No 52 of 1998 to the FUND in respect of MEMBERS in terms of these MASTER RULES.

RISK PROVIDER means, subject to the approval of the BOARD, an INSURER with whom the FUND effected a RISK POLICY.

RULES mean the MASTER RULES and the SPECIAL RULES collectively.

SPECIAL RULES means the rules referred to in MASTER RULE 2.6 of this Section.

SUB-FUND means, in respect of each PARTICIPATING EMPLOYER and its MEMBERS, or those persons who were employees and are now PENSIONERS or DEFERRED PENSIONERS (if applicable), or any other BENEFICIARIES, those assets and liabilities attributable in respect of those MEMBERS, PENSIONERS, DEFERRED PENSIONERS and any other BENEFICIARIES together with any balances in the RESERVE ACCOUNTS and PARTICIPATING EMPLOYER SURPLUS ACCOUNT in

relation to those MEMBERS, PENSIONERS, DEFERRED PENSIONERS, any other BENEFICIARIES or that PARTICIPATING EMPLOYER.

TERMINATION DATE means, as the case may be,

- (a) when the FUND is liquidated in terms of MASTER RULE 6.1 of this Section, the liquidation date in terms of MASTER RULE 6.1(3) of this Section;
- (b) when a SUB-FUND is liquidated in terms of MASTER RULE 6.2 of this Section, the liquidation date in terms of MASTER RULE 6.2(2) of this Section;
- (c) when a SUB-FUND transfers to another fund in terms of MASTER RULES 7.2, 7.3 or 7.4 of this Section, the date on which the transfer has been approved by the REGISTRAR.

TOTAL TRANSFER CREDIT means the amount transferred to the FUND from a PREVIOUS FUND as approved in terms of Sections 14, 15B or 15E of the ACT.

TRUSTEE PORTFOLIO means the investment model:

- (a) adopted by the BOARD for the purposes of the investment of the retirement funding in terms of these MASTER RULES in respect of MEMBERS who do not want to exercise, or have not yet exercised the member investment choice contemplated in terms of MASTER RULE 9.1(1)(b) of this Section, and
- (b) which will comprise INVESTMENT PORTFOLIOS selected by the BOARD, and
- (c) in terms of which investments, at dates based on the attainment by each MEMBER of certain predefined ages, move through a path of INVESTMENT PORTFOLIOS with the aim of ensuring that the MEMBER'S investment profile with regard to risk and return is matched.

UNCLAIMED BENEFIT means an unclaimed benefit as defined in the ACT.

UNCLAIMED BENEFITS ACCOUNT means the account kept by the FUND in respect of UNCLAIMED BENEFITS, in terms of MASTER RULE 8.2(3) of this Section.

UNIT means a unit of investment, which can be purchased in or notionally attributed to an INVESTMENT PORTFOLIO on the basis set out in MASTER RULE 9.1(1)(d) of this Part.

RULE 2: ESTABLISHMENT

2.1 ESTABLISHMENT AND TYPE OF FUND

- (1) The FUND was established on 1 July 1974 and was known as The Independent Schools Pension Scheme. With effect from 1 January 2000 the FUND'S name changed to The Independent Schools Association of Southern Africa Pension Scheme.
- (2) The FUND is made up of a defined benefit (Part I) Section and a defined contribution (Part II) Section.

2.2 OBJECT OF THE FUND

The object of the FUND is

- (1) to provide a benefit to a MEMBER on retirement or withdrawal; and
- (2) to provide a benefit to the DEPENDANTS and nominees of a MEMBER in the event of the death of the MEMBER;
- (3) to provide for the payment of benefits to be made in terms of the RULES to or in respect of PENSIONERS, DEFERRED PENSIONERS or SPOUSES and CHILDREN, where applicable.

2.3 REGISTERED OFFICE OF THE FUND

The registered office of the FUND is

Umnotho Building

Mutual Square

93 Grayston Drive

Sandton

2196

2.4 LEGAL STATUS AND POWERS OF THE FUND

The FUND is a juristic person and as such has the capacity and powers of a natural person with full legal capacity insofar as a juristic person is capable of having such capacity or exercising such powers. This capacity and powers include the capacity and power to:

- (1) sue and be sued in its own name;
- (2) conclude agreements and perform juristic acts;
- (3) acquire, own, hypothecate, hire, let and dispose of property, whether movable or immovable, and whether the property is physical property or intellectual property;
- (4) amend the RULES; and
- (5) do all things that in the opinion of the BOARD are necessary or desirable to be done to achieve its object and to carry out its functions and duties.

2.5 RULES

- (1) The RULES are binding on the FUND, its MEMBERS and their DEPENDANTS, PENSIONERS, DEFERRED PENSIONERS, any other BENEFICIARIES, the PRINCIPAL OFFICER, the BOARD, the AUDITOR, ACTUARY and each PARTICIPATING EMPLOYER.
- (2) If an amendment to the RULES is registered by the REGISTRAR after the effective date of the amendment set out in the relevant resolution of the BOARD, such amendment shall be deemed to take effect on the effective date of the amendment.

2.6 SPECIAL RULES

- (1) The FUND shall in respect of each PARTICIPATING EMPLOYER in addition to the MASTER RULES otherwise formulate SPECIAL RULES.

- (2) In the event that a provision in the SPECIAL RULES is in conflict with a provision of the MASTER RULES, then the provision of the MASTER RULES shall prevail.
- (3) The SPECIAL RULES shall, subject to the MASTER RULES *inter alia* set out the following:
 - (a) the categories of ELIGIBLE EMPLOYEES who will join the FUND, if applicable;
 - (b) the contribution rates;
 - (c) NORMAL RETIREMENT AGE;
 - (d) any other information that may be required from time to time.
- (4) The BOARD may amend the SPECIAL RULES with the consent of the relevant PARTICIPATING EMPLOYER where the amendment affects the rights and obligations of the PARTICIPATING EMPLOYER.

RULE 3: MANAGEMENT OF THE FUND

3.1 OBJECT OF THE BOARD

The BOARD must direct, control and oversee the operation of the FUND in accordance with the applicable laws and the provisions of these MASTER RULES.

3.2 COMPOSITION OF THE BOARD

(1) BOARD MEMBERS

- (a) The BOARD must consist of 11 (eleven) BOARD MEMBERS.**
- (b) In addition, the BOARD may appoint a group of up to 5 (five) independent consultants to attend all meetings of and assist the BOARD. Each independent consultant shall be an independent person not in the service of the ADMINISTRATOR.**
- (c) Of the 11 (eleven) BOARD MEMBERS, 6 (six) shall be elected by the MEMBERS in the following way:**
 - (i) 1 (one) BOARD MEMBER each to represent the Regions as defined by ISASA, and**
 - (ii) 1 (one) BOARD MEMBER to represent PENSIONERS under the FUND.**
- (d) The remaining 5 (five) BOARD MEMBERS shall represent the PARTICIPATING EMPLOYERS and are appointed in the following way:**
 - (i) ISASA shall appoint 3 (three) BOARD MEMBERS,**
 - (ii) SAHISA (Southern Africa Head of Independent Schools Association) shall appoint 1 (one) BOARD MEMBER, and**
 - (iii) SABISA (Southern Africa Bursars of Independent Schools Association) shall appoint 1 (one) BOARD MEMBER.**

The BOARD MEMBERS elected in terms of MASTER RULE 3.2(1)(c)(i) and MASTER RULE 3.2(1)(c)(ii) above and appointed in terms of MASTER RULE 3.2(1)(d)(ii) and MASTER RULE 3.2(1)(d)(iii) above, must either be MEMBERS or PENSIONERS of the FUND, or members of the PROVIDENT FUND.

(2) ALTERNATES

The MEMBERS may elect alternates for the elected BOARD MEMBERS and the BOARD MEMBERS representing the PARTICIPATING EMPLOYER may appoint alternates for the appointed BOARD MEMBERS to act in the place of a BOARD MEMBER during his absence or inability to act as a BOARD MEMBER.

The number of alternates elected or appointed may be equal or less than the number of elected BOARD MEMBERS or appointed BOARD MEMBERS, but an alternate may act in the place of only one BOARD MEMBER at a time.

(3) CHAIR

The BOARD shall nominate one of the group of independent consultants referred to in MASTER RULE 3.2(1)(b) or one from its own ranks to serve as a Chair.

3.3 ELECTION AND APPOINTMENT PROCEDURE

- (1) The election and appointment of BOARD MEMBERS and the alternates shall be by ballot and shall be subject to MASTER RULE 3.2(1) and MASTER RULE 3.3(3) of this Section.
- (2) To ensure continuity on the BOARD, there shall be a regional election of the representative BOARD MEMBERS as set out in MASTER RULE 3.2(1)(c)(i) and MASTER RULE 3.2(1)(c)(ii) of this Section, on a rotating basis as follows:

PENSIONERS under the FUND and South East Region: Eastern Cape,
January 2012 and every 3 (three) years thereafter,

North East Region: Limpopo/Mpumalanga, Central Region: Gauteng/Free-State/North West/Northern Cape, January 2013 and every 3 (three) years thereafter,

South West Region: Western Cape and Kwazulu-Natal Region, January 2014 and every 3 (three) years thereafter, etc.

- (3) The election procedure of the BOARD MEMBERS that shall be elected in terms of MASTER RULE 3.2(1)(c) of this Section shall be in accordance with the following provisions:
- (a) The PRINCIPAL OFFICER regulates the election.
 - (b) Only persons nominated by MEMBERS of the FUND may be elected.
 - (c) Each MEMBER may nominate as many MEMBERS or PENSIONERS for election as BOARD MEMBERS as are required to be elected at the time.
 - (d) Each nomination must be in writing and seconded by another MEMBER.
 - (e) Each MEMBER may cast only one vote at each election.
 - (f) Those receiving the most votes shall be elected.
 - (g) All MEMBERS must be given the opportunity to vote.
 - (h) The PRINCIPAL OFFICER shall be responsible for exercising and overseeing such functions as the distribution of ballot papers, counting of votes, communication of results to MEMBERS and PENSIONERS and all other functions the BOARD deems necessary in regard to the elections.
 - (i) Elections are also subject to the other applicable provisions set out in these MASTER RULES, as well as other procedures as may be laid down by the BOARD from time to time.
- (4) The BOARD MEMBERS elected and appointed in terms of this MASTER RULE, must attain such level of skills and training as may be prescribed by the REGISTRAR, within 6 (six) months of such BOARD MEMBER'S appointment and election and this level of skills and training must be retained throughout the BOARD MEMBER'S term of office.

3.4 ALTERNATES

- (1) Alternates are subject to the same terms, qualifications and conditions applicable to BOARD MEMBERS.
- (2) An alternate, when acting for a BOARD MEMBER, shall have the same powers, duties and functions as a BOARD MEMBER.
- (3) An alternate may attend all meetings of the BOARD but may only vote if acting in the place of an absent BOARD MEMBER.

3.5 DISQUALIFICATION OF BOARD MEMBERS

- (1) Any of the following persons shall be disqualified from being appointed or acting as a BOARD MEMBER:
 - (a) a body corporate;
 - (b) a minor or any other person under legal disability;
 - (c) any person who is the subject of any order under any Act disqualifying him from being a BOARD MEMBER;
 - (d) save under authority of a Court of law-
 - (i) an unrehabilitated insolvent;
 - (ii) any person removed from an office of trust on account of misconduct;
 - (iii) any person who has at any time been convicted of theft, fraud, forgery or uttering a forged document, perjury, an offence under any legislation relating to the prevention or combating of corruption, or any offence involving dishonesty or the management of assets entrusted to him.
- (2) The BOARD may in addition to the disqualifications in MASTER RULE 3.5(1) above, determine further criteria for eligibility to serve as a BOARD MEMBER.

3.6 TERM OF OFFICE

(1) BOARD MEMBER

- (a) Subject to the provisions of MASTER RULE 3.9 of this Section, a BOARD MEMBER shall hold office for a period of 3 (three) years.
- (b) On expiry of the 3 (three)-year period, in February each year in the same sequence as specified in MASTER RULE 3.3(2) of this Section further elections or appointments must take place.
- (c) A BOARD MEMBER may make himself available for re-appointment.

(2) Chair

- (a) The Chair shall serve for a maximum period of 1 (one) year, unless otherwise decided by the BOARD.
- (b) The Chair may, on the expiry of his term, make himself available for re-appointment.
- (c) Should the position of Chair become vacant before the expiry of his term of office, the BOARD must appoint another Chair for the unexpired portion of the term of office.
- (d) The Chair may be removed from such office in the event of a majority vote by the BOARD to this effect.

3.7 POWERS OF THE BOARD

(1) Exercising of powers

The BOARD may exercise all the powers of the FUND.

(2) Delegation of powers to sub-committees or persons

- (a) The BOARD may, in writing and in accordance with a system of delegation, delegate any of its powers in terms of these MASTER RULES to a sub-committee or a person on such terms as it may think fit, including the power to sub-delegate.
- (b) These terms may include the purpose, powers, authorities and discretion of the sub-committee or the person.
- (c) The BOARD can decide on the duration of such delegation.

- (d) The BOARD may notwithstanding any delegation of its powers, continue to exercise the powers delegated.
- (e) The BOARD may terminate the delegation of its powers to any sub-committee or person appointed in this MASTER RULE or may vary the terms of the appointment.
- (f) A sub-committee or a person acting under delegated powers is *mutatis mutandis* subject to the provisions of these MASTER RULES.
- (g) A sub-committee may consist of any number of BOARD MEMBERS together with such other persons as the BOARD may appoint.
- (h) A decision taken by a sub-committee must be referred to the BOARD to be ratified at the next meeting of the BOARD or by a round robin resolution of the BOARD.
- (i) The BOARD may delegate any of its powers and duties, subject to such terms and conditions as it may impose, to another person or group of persons.

3.8 DUTIES OF THE BOARD

The duties of the BOARD shall be to:

- (1) take all reasonable steps to ensure that the interests of MEMBERS as set out in these MASTER RULES and the provisions of the ACT are protected at all times;
- (2) act with due care, diligence and good faith;
- (3) avoid conflicts of interest;
- (4) act with impartiality in respect of all MEMBERS and BENEFICIARIES;
- (5) ensure that proper control systems are employed by or on behalf of the BOARD;
- (6) ensure that adequate and appropriate information is communicated to MEMBERS informing them of their rights, benefits and duties in the RULES;
- (7) take all reasonable steps to ensure that contributions are paid timeously to the FUND under the provisions of the ACT;

- (8) obtain expert advice on matters where the BOARD may lack sufficient expertise;
- (9) ensure that the RULES and the operation and administration of the FUND comply with any relevant legislation and with any legally binding ruling laid down by the REGISTRAR or the REVENUE AUTHORITY;
- (10) ensure that such accounts, registers and records as are necessary for the proper working of the FUND are kept;
- (11) maintain such register or registers (at the FUND'S registered office) containing the information referred to in Regulation 31 to the ACT;
- (12) comply with any other prescribed requirements.

3.9 TERMINATION OF OFFICE

- (1) A BOARD MEMBER or alternate may resign from office at any time by giving 1 (one) month's written notice to the BOARD.
- (2) A BOARD MEMBER shall also cease to hold office if
 - (a) his term expires;
 - (b) he becomes disqualified to be a BOARD MEMBER in terms of MASTER RULE 3.5 of this Section;
 - (c) he fails to attend 3 (three) consecutive meetings of the BOARD without prior permission of the Chair;
 - (d) in the case of an elected BOARD MEMBER, he ceases to be a MEMBER of the FUND or a member of the PROVIDENT FUND,
 - (e) in the case of a BOARD MEMBER appointed by SAHISA or SABISA he ceases to be a MEMBER or PENSIONER of the FUND, or member of the PROVIDENT FUND.
- (3) If the REGISTRAR has reason to believe that a BOARD MEMBER is not fit and proper to hold office, the REGISTRAR may, after giving the BOARD MEMBER a reasonable opportunity to be heard, direct the BOARD MEMBER to vacate office. Such BOARD MEMBER shall be replaced with another person for the remainder of the vacated BOARD MEMBER'S term of office.

3.10 VACANCIES

- (1) Should the position of an elected BOARD MEMBER of a specific region become vacant, the BOARD may
 - (a) choose one of the alternates elected by the MEMBERS of such region to fill the vacancy, provided that elected BOARD MEMBERS may be replaced with the person who attained the next most votes during the last elected BOARD MEMBERS elections; or
 - (b) agree on filling this vacancy on some other basis.
- (2) Should the position of an appointed BOARD MEMBER become vacant, the associations referred to in MASTER RULE 3.2(1)(d) of this Section must appoint a BOARD MEMBER to fill the vacancy.
- (3) The BOARD must cause vacancies to be filled within 90 days to ensure that the composition of the BOARD adheres to the provisions of MASTER RULE 3.2(1) of this Section.
- (4) Where the REGISTRAR directed a BOARD MEMBER to vacate office, the FUND must cause the vacancy to be filled in accordance with MASTER RULE 3.10(1) to MASTER RULE 3.10(3) above, failing which the REGISTRAR may adopt the course set out in MASTER RULE 3.18(2) of this Section.

3.11 MEETINGS OF THE BOARD

- (1) Number and frequency
 - (a) The BOARD must meet from time to time to conduct the business of the FUND.
 - (b) Meetings of the BOARD must take place as often as resolved by the BOARD, but at least 3 (three) meetings must be held in each FINANCIAL YEAR.
 - (c) If at least 2/3rd (two-thirds) of the BOARD MEMBERS make a request to the Chair to convene a meeting of the BOARD, the Chair must do so within 15 (fifteen) days.

(2) Video and telephone conferencing

- (a) The BOARD may also conduct a meeting by using a conference telephone or any communication equipment (including video link) that allows everybody participating in the meeting to speak to and hear each other.**
- (b) Taking part in a meeting conducted in terms of this MASTER RULE will, provided there is a quorum present, which includes the person present by means of the conference telephone or video link, be counted as a meeting of the BOARD.**
- (c) The remaining provisions of these MASTER RULES applicable to meetings of the BOARD apply to any meeting conducted in this manner.**

(3) Chair

- (a) The Chair presides over and maintains order at meetings to ensure that meetings are conducted in a proper manner.**
- (b) If the Chair is absent from any meeting the BOARD MEMBERS must appoint an acting Chair that shall preside over that meeting. Such Chair must have the same powers and duties in relation to conducting the meeting as a Chair.**

(4) Notice of meetings

Except or otherwise provided in MASTER RULE 3.11(1)(c) in this Section, the Chair must ensure that at least 15 (fifteen) days' prior written notice of a meeting of the BOARD is given to all BOARD MEMBERS, alternates and the PRINCIPAL OFFICER of the FUND.

The majority of the BOARD MEMBERS may waive the notice period.

(5) Voting Rights

- (a) The PRINCIPAL OFFICER or Deputy Principal Officer of the FUND must unless in extenuating circumstances attend all meetings of the BOARD but will not have a vote.**
- (b) The BOARD may not transact any business unless the required quorum for a meeting is present, at the time the meeting proceeds to**

business.

- (c) A quorum for meetings is 6 (six) BOARD MEMBERS, provided that 3 (three) BOARD MEMBERS representing the PARTICIPATING EMPLOYERS and 3 (three) BOARD MEMBERS elected by MEMBERS are present. Provided there is a quorum, the BOARD MEMBERS present shall be entitled to act notwithstanding any temporary vacancy in their number.
 - (d) At a meeting of the BOARD each BOARD MEMBER has 1 (one) vote. Should the Chair at a particular meeting be a BOARD MEMBER, such Chair shall have one vote and such vote shall not be a casting vote.
 - (e) The BOARD must make a reasonable effort to reach consensus but a decision favoured by 75% (seventy-five per cent) of the meeting must be carried. If the BOARD cannot reach a 75% (seventy-five per cent) majority decision, the matter must be referred to the next meeting.
 - (f) If a majority vote cannot be reached on a specific matter that compels a resolution, the matter must be referred to a person deemed by the BOARD to be an expert on the matter. The person so appointed need not operate in the capacity of a mediator or an arbitrator. He must decide on the matter in a procedurally fair, economical and expeditious manner. His decision is final and binding.
- (6) Adoption of resolutions
- (a) At a meeting of the BOARD motions must be proposed and accepted by consensus or voted upon, in either case under MASTER RULE 3.11(5) of this Section.
 - (b) Round robin resolutions
 - (i) Written resolutions other than in (ii) below:

A resolution in writing sent to all the BOARD MEMBERS or, if appropriate their alternates shall, provided that the number of individually signed copies is no less than 75% (seventy-five per cent) of the total number of BOARD MEMBERS, be deemed

carried. Such resolution will be as valid and effective as if it was passed at a meeting of the BOARD duly convened and held.

(ii) **Electronic resolutions**

A resolution circulated to all the BOARD MEMBERS or, if appropriate their alternates via e-mail shall, provided that the number of the BOARD MEMBERS, who signify their approval by return of e-mail is no less than 75% (seventy-five per cent) of the total number of BOARD MEMBERS, be deemed carried. Such resolution will be as valid and effective as if it was passed at a meeting of the BOARD duly convened and held.

(7) **Recording of resolutions**

Any resolution passed under MASTER RULE 3.11(6)(b) above must, as a matter of good governance, be recorded in the minutes at a subsequent meeting of the BOARD held after the resolution was passed. Failure to so record the resolution shall however not affect the validity of the resolution.

(8) **Secretary**

The BOARD may appoint a secretary from time to time. The secretary's functions include –

- (a) the arrangement of meetings;
- (b) the taking of minutes;
- (c) the counting of votes;
- (d) the recording of resolutions at meetings; and
- (e) such further functions as may be determined by the BOARD.

The BOARD must determine fees for secretarial services from time to time.

(9) **Minutes**

- (a) Minutes must be taken of all proceedings at a meeting of the BOARD. These minutes must be approved at a subsequent meeting of the BOARD and then signed by the Chair and kept in the manner prescribed in the ACT.

- (b) The minutes of each meeting must be distributed to all BOARD MEMBERS and the PRINCIPAL OFFICER.

3.12 SIGNING OF DOCUMENTS

- (1) The BOARD may authorise any person to sign documents or contracts binding the FUND. However, any documents that must be submitted to the REGISTRAR must be signed by the persons specified in the ACT.
- (2) Where the ACT prescribes specific formalities for the signature of documents, such documents are only binding upon the FUND if these requirements are complied with.

3.13 REMUNERATION OF BOARD MEMBERS

- (1) BOARD MEMBERS other than the PRINCIPAL OFFICER are not remunerated for services performed in execution of their duties as BOARD MEMBERS.
- (2) The BOARD must determine the rate and basis of remuneration payable to the PRINCIPAL OFFICER for his services. The FUND must bear the cost of such remuneration as may be incurred by the PRINCIPAL OFFICER in performance of his duties.

3.14 PERSONAL EXPENSES OF BOARD MEMBERS

Any personal expenses incurred by any BOARD MEMBER may only be recovered from the FUND if such expenses were authorised at a meeting of the BOARD, unless otherwise decided by the BOARD.

3.15 INDEMNIFICATION AND FIDELITY GUARANTEE

- (1) Any BOARD MEMBER and any officer of the FUND shall be indemnified by the FUND against any claim for damages arising from the management and administration of the FUND where such BOARD MEMBER or officer acted in good faith and without gross negligence.
- (2) The BOARD must obtain insurance, as it deems sufficient to indemnify the FUND'S officers (including the BOARD MEMBERS).

3.16 ANNUAL AUDITS OF BOOKS OF ACCOUNT

The BOARD must ensure that books of account of the FUND are drawn up as at the end of each FINANCIAL YEAR, and audited by the AUDITOR.

3.17 APPOINTMENTS

(1) PRINCIPAL OFFICER

- (a) The BOARD shall appoint a PRINCIPAL OFFICER on such terms and conditions as the BOARD may determine and subject to the provisions of the ACT. The BOARD in concurrence with the PRINCIPAL OFFICER may appoint a Deputy Principal Officer as deemed appropriate.
- (b) The PRINCIPAL OFFICER may, in writing and in accordance with a system of delegation as agreed to with the BOARD, delegate any of his powers or duties in terms of the MASTER RULES or under the ACT to the Deputy Principal Officer on such terms and conditions as he may think fit, including the power to sub-delegate. The PRINCIPAL OFFICER can decide on the duration of such delegation.
- (c) The PRINCIPAL OFFICER may notwithstanding any delegation of his powers, continue to exercise the powers delegated.
- (d) The PRINCIPAL OFFICER may withdraw the delegation of his powers to the Deputy Principal Officer at any time or may vary the terms of the delegation.
- (e) The Deputy Principal Officer acting under delegated powers is *mutatis mutandis* subject to the provisions of the MASTER RULES and the ACT.
- (f) The PRINCIPAL OFFICER is not divested or relieved of a function so delegated.
- (g) If the PRINCIPAL OFFICER is unable for any reason to discharge any of his duties, the Deputy Principal Officer must discharge those duties. If the PRINCIPAL OFFICER and the Deputy Principal Officer

are unable for any reason to discharge their duties the BOARD may appoint another person as PRINCIPAL OFFICER. If however, the PRINCIPAL OFFICER will be absent for more than the period as prescribed by the REGISTRAR and no Deputy Principal Officer is available during this period, the BOARD must inform the REGISTRAR of the appointment of another PRINCIPAL OFFICER in writing within the prescribed period.

- (h) The BOARD and the PRINCIPAL OFFICER may appoint such further persons as they deem fit to assist the PRINCIPAL OFFICER with the execution of his functions.

(2) Other Appointments

The BOARD shall make the following appointments:

- (a) an ADMINISTRATOR;
- (b) an AUDITOR;
- (c) an ACTUARY;
- (d) one or more INVESTMENT PROVIDERS;
- (e) one or more RISK PROVIDERS; and
- (f) such other service providers as required from time to time.

3.18 POWER OF REGISTRAR TO INTERVENE IN THE MANAGEMENT OF THE FUND

- (1) After considering the interests of the MEMBERS, the REGISTRAR may –
 - (a) declare a specific practice or method of conducting business as being unacceptable, irregular or undesirable, and may direct the FUND, ADMINISTRATOR or any other person to cease such practice or conduct, and
 - (b) direct the RULES be amended in accordance with the ACT.
- (2) If at any time the FUND has no properly constituted BOARD contemplated in the ACT and has failed to constitute a BOARD after 90 (ninety) days' written notice by the REGISTRAR, or where a BOARD cannot constitute a BOARD properly or where a BOARD fails to comply with section 7A of the

ACT, the REGISTRAR may, notwithstanding these MASTER RULES, at the cost of the FUND -

- (a) appoint so many persons as may be necessary to the BOARD or appoint so many persons as may be necessary to make up the full complement or quorum of the BOARD; and
 - (b) assign to such BOARD such specific duties as the REGISTRAR deems expedient.
- (3) A BOARD constituted in terms of MASTER RULE 3.18(2) above holds office until the REGISTRAR is satisfied that the FUND has constituted a valid BOARD in terms of the ACT and the REGISTRAR has relieved the former BOARD in writing of its duties.

RULE 4: MISCELLANEOUS PROVISIONS

4.1 COMPLAINTS PROCEDURE UNDER THE ACT

A complaint relating to the administration of the FUND, the investment of the money of the FUND or the interpretation and application of the RULES must be addressed in accordance with Section 30 of the ACT.

4.2 PAYMENT OF BENEFITS

- (1) Benefits are to be paid by means of an electronic funds transfer to the BENEFICIARY'S bank account with a bank as defined in the Banks Act, No. 94 of 1990, or a mutual bank as defined in the Mutual Banks Act, No. 124 of 1993.
- (2) The PARTICIPATING EMPLOYER or the BENEFICIARY must furnish the details of the bank account to the FUND.
- (3) The PARTICIPATING EMPLOYER and/or the BENEFICIARY may however specifically request that the benefit be paid by means of a cheque posted to the BENEFICIARY'S postal address as notified by the PARTICIPATING EMPLOYER and/or the BENEFICIARY to the FUND. In this event payment is made on such terms and conditions as advised by the FUND, if any.

4.3 ALLOWABLE DEDUCTIONS FROM BENEFITS

- (1) The FUND may make any deductions from a benefit or the value of the MEMBER ACCOUNT, as the case may be, as are allowed in terms of the ACT and other acts that it refers to in this regard.
- (2) The FUND may also reasonably withhold payment of a portion or the whole of any benefit payable in respect of a MEMBER or a BENEFICIARY provided that:
 - (a) the amount of the benefit so withheld does not exceed the amount that may be deducted in terms of the ACT;
 - (b) the FUND is satisfied that the PARTICIPATING EMPLOYER has made out a prima facie case against the MEMBER concerned and that either the PARTICIPATING EMPLOYER or, in criminal

proceedings, the State, has a reasonable chance of success in the proceedings that have been or are in the process of being instituted;

- (c) the FUND is satisfied that the PARTICIPATING EMPLOYER is not at any stage responsible for any undue delay in the prosecution of the proceedings;
- (d) once the proceedings have been finally determined by a competent court of law, or settled or withdrawn, any benefit amount to which the MEMBER or BENEFICIARY is entitled, and which was withheld, is paid immediately;
- (e) the FUND may, at the express written request of the MEMBER, permit the amount withheld from the benefit to be isolated in whatever manner the FUND deems appropriate from the possibility of a decrease therein as a result of poor investment performance.

4.4 PROOF OF AGE

Before a death or retirement benefit is paid, a BENEFICIARY must satisfy the FUND and, where appropriate, the RISK PROVIDER with regard to –

- (a) proof of age of himself, and the MEMBER or deceased MEMBER where the BENEFICIARY is not the MEMBER; and
- (b) any other aspect material in considering and admitting a claim for a RISK BENEFIT.

The FUND may however waive the proof of age requirement.

4.5 NOTICES

Any notice, request, instruction or other communication given by any person in terms of the RULES to the FUND must, unless otherwise specified, be posted or sent electronically together with complete and correct documentation, where applicable. Any person giving such notice, request, instruction or other communication bears the onus of proof that it was received by the FUND.

4.6 UNCLAIMED BENEFITS

- (1) The BOARD must take such steps, as it considers appropriate, to trace the person entitled to an UNCLAIMED BENEFIT, the costs of which may be deducted from the benefit payable to the recipient.
- (2) Any unpaid benefit, which despite such steps is not paid out within such period considered appropriate by the BOARD or as determined from time to time by the REVENUE AUTHORITY, must be transferred to the UNCLAIMED BENEFITS ACCOUNT. Any benefit credited to this account must be retained in this account until it becomes payable in terms of MASTER RULE 4.6(4) below.
- (3) Amounts in the UNCLAIMED BENEFITS ACCOUNT must be invested by the BOARD in an investment fund designated for that purpose.
- (4) A benefit shall only become payable from the UNCLAIMED BENEFITS ACCOUNT to a BENEFICIARY when the BOARD is satisfied that a valid claim has been submitted and that any additional information required by the FUND has been provided. However, where a benefit which has not been paid from the FUND within a period of 24 (twenty-four) months from the date such benefit became legally due and payable in terms of these MASTER RULES, the BOARD may arrange for the assets and liabilities in respect of the benefit to be transferred to any fund legally entitled to hold unclaimed benefits in accordance with the provisions of the ACT and the requirements of the REVENUE AUTHORITY. Upon completion of the transfer, the FUND shall have no further liability in respect of the benefit and any subsequent claim lodged by a MEMBER or any person alleging an entitlement to the benefit shall be dealt with in terms of the rules of the fund to which the benefit was transferred.

4.7 MEMBERS' RIGHT TO DOCUMENTS

- (1) Subject to the payment of such fee as may be decided upon by the BOARD from time to time, the BOARD must deliver on request to a MEMBER a copy of the current MASTER RULES of the FUND and the SPECIAL RULES applicable to him and, if applicable, the most recent Annual Financial Statements of the FUND already submitted to the REGISTRAR.
- (2) Any MEMBER may inspect, without charge at the registered office of the

- (2) Any MEMBER may inspect, without charge at the registered office of the FUND, any or all of the following:
 - (a) a copy of the MASTER RULES and the SPECIAL RULES applicable to him;
 - (b) the most recent Annual Financial Statements prepared under the ACT (if any);
 - (c) any documentation relevant to an arrangement being carried out by the FUND under the ACT to bring the FUND into a financially sound condition as required by the REGISTRAR.
- (3) A MEMBER may make extracts from the above documents. Any costs arising from the making of extracts must be paid by the MEMBER, unless the BOARD decides otherwise.

4.8 AMENDMENTS TO RULES

- (1) The BOARD may, subject to MASTER RULE 4.8(2) below amend these MASTER RULES as well as the SPECIAL RULES in accordance with the ACT.
- (2) If an amendment to the MASTER RULES or SPECIAL RULES is registered by the REGISTRAR after the effective date of the amendment, such amendment is deemed to take effect on the effective date of the amendment. This is not authority to act in terms of such amendment prior to registration.

4.9 HOUSING LOAN GUARANTEE

- (1) The FUND may furnish a guarantee in respect of a residential loan by a financial institution or the PARTICIPATING EMPLOYER to a MEMBER, provided that the guarantee, the loan and the purpose of the loan complies with the provisions of the ACT. Such guarantee will further be subject to any requirements laid down by the FUND.
- (2) Should a MEMBER, while being a MEMBER, default on repayment of a loan in respect of which the FUND has furnished a guarantee as contemplated in MASTER RULE 4.9(1) above, the BOARD may, as a last resort and after it is satisfied that no other arrangement for the repayment of the loan can be made, instruct that the resultant liability of the FUND be

that by law may be payable to the REVENUE AUTHORITY as a result of such recoupment.

- (3) If, on transfer of the MEMBER'S membership to another APPROVED PENSION FUND or APPROVED PROVIDENT FUND, the FUND is liable under a guarantee referred to in MASTER RULE 4.9(2) above and the BOARD is satisfied that it is not otherwise reasonably possible to negotiate repayment of the amount owing by the MEMBER in respect of that liability or to transfer the guarantee, the FUND may deduct, from the amount that the FUND must transfer to the other fund for the benefit of the MEMBER, the amount owing as well as the employee's tax that by law may be payable to the REVENUE AUTHORITY as a result of such deduction.
- (4) Any amount recouped from the MEMBER ACCOUNT while being a MEMBER or deducted on transfer of membership in respect of a guarantee referred to will be deemed to be a benefit payment made by the FUND to the MEMBER for reasons other than as a result of death or retirement.

4.10 INSURANCE OF RISK BENEFIT AND LIMITATION OF FUND'S LIABILITY

- (1) The RISK BENEFIT must be fully insured with a RISK PROVIDER.
- (2) An ELIGIBLE EMPLOYEE'S participation in respect of any RISK BENEFITS is conditional on compliance with the insurability requirements and such limitations and conditions laid down by the RISK PROVIDER in respect of such benefit from time to time.
- (3) The FUND'S liability to a MEMBER in respect of the RISK BENEFIT may not exceed the amount or amounts payable in respect of such benefits by the RISK PROVIDER.

4.11 NOTIFICATION AND INFORMATION

- (1) Any notice or communication required or permitted to be given in terms of these MASTER RULES shall be valid and effective only if, given in writing or electronically and if in the case of a notice or communication in respect of or from a MEMBER, PENSIONER or DEFERRED PENSIONER, sufficient information required to enable the FUND to identify the MEMBER, PENSIONER or DEFERRED PENSIONER and validate his membership is

included in such notice or communication. Should any dispute arise as to whether due notice was given, the person who alleges that such notice was given shall bear the onus of proof.

- (2) The PARTICIPATING EMPLOYER is further obliged to provide the FUND with such Information required in respect of contributions, RISK BENEFITS and any other information as required from time to time.
- (3) The FUND is entitled to rely on any information or communication received from a PARTICIPATING EMPLOYER in respect of a MEMBER in its service including, without limiting the generality of the foregoing –
 - (a) any decision or instruction by such a MEMBER or BENEFICIARY in respect of any matter;
 - (b) if such communication reflects any other right of election enjoyed at any time by such a MEMBER or BENEFICIARY; or
 - (c) information relating to the MEMBER, in particular his PENSIONABLE SALARY, category of membership, date of birth, date of entry, date of and reason for leaving service.
- (4) No MEMBER, BENEFICIARY or person enjoying rights in succession to any MEMBER or BENEFICIARY has any claim against the FUND in respect of any loss which may arise as a result of the reliance by the FUND on any information or communication conveyed to it by a PARTICIPATING EMPLOYER.
- (5) The provisions of MASTER RULE 4.11(3) and MASTER RULE 4.11(4) above do not apply if the information or communication is conveyed directly to the FUND by the MEMBER or BENEFICIARY or if the MEMBER or BENEFICIARY notifies the FUND that (3) above is not to apply to him. If the information provided by the MEMBER differs from that previously provided by the PARTICIPATING EMPLOYER, the MEMBER bears the onus of proof that such latter information was received by the FUND.

4.12 INALIENABILITY OF BENEFITS

Save to the extent permitted in legislation, no benefit or right to a benefit in terms of the RULES may be reduced, transferred, ceded, pledged, hypothecated, attached, appropriated or executed.

4.13 ALLOCATION OF BENEFITS ON DEATH

Death benefits are allocated in accordance with the provisions of the ACT.

4.14 ACTUARIAL VALUATIONS

- (1) In terms of Sections 9A and 16 of the ACT, the ACTUARY must, as required under the ACT, undertake an actuarial valuation of the FUND at least once every three years.
- (2) Copies of the actuarial report must be given to both the BOARD and the REGISTRAR within twelve months of the expiry of the period to which the valuation relates.

4.15 AUDIT STATUS OF FUND

The FUND will in accordance with the ACT be subject to audit in respect of each FINANCIAL YEAR.

4.16 CURRENCY

All benefits and contributions are payable in South African currency.

4.17 MONEYS OF THE FUND MAY NOT REVERT TO A PARTICIPATING EMPLOYER

Except as otherwise provided in the ACT, no money of the FUND may revert to or become the property of any PARTICIPATING EMPLOYER.

4.18 COST PERTAINING TO INDIVIDUAL MEMBERS

The PARTICIPATING EMPLOYER and the ADMINISTRATOR must, to the satisfaction of the BOARD, take all reasonable steps to trace BENEFICIARIES. If any costs are incurred as a consequence:

- (1) of such tracing, and/or
- (2) an investigation to determine the appropriate allocation of the benefit amongst a number of potential BENEFICIARIES,

4.19 BENEFIT AT DATE OF APPLICATION TO THE REVENUE AUTHORITY

For the purposes of application to the REVENUE AUTHORITY for a tax directive the application will be the balance in the MEMBER'S ACCOUNT, DEFERRED PENSIONER ACCOUNT and UNCLAIMED BENEFITS ACCOUNT, as applicable, at date of application. That portion of the INVESTMENT RETURN added after the date of application to the REVENUE AUTHORITY will be reflected as income due to the BENEFICIARY and may be subject to taxation in the hands of the recipient of the benefit.

4.20 RULES ARE NOT CONDITIONS OF SERVICE

The RULES are not conditions of service. They do not govern the rights of employees of a PARTICIPATING EMPLOYER and the rights of a PARTICIPATING EMPLOYER in regard to the employment of employees.

4.21 MINIMUM BENEFITS

Any benefit payable in terms of the RULES shall not be less than the MEMBER'S minimum individual reserve as determined in terms of the ACT.

4.22 PURCHASE OF PENSION

Any pension (other than a pension purchased in terms of MASTER RULE 6.2(3)(b) of Part I, MASTER RULE 7.5(2) of Part I or MASTER RULE 5.4(2) and MASTER RULE 6.3(2) of Part II) payable in terms of these MASTER RULES will be payable from the ANNUITY ACCOUNT.

4.23 PENSION PAYABLE FROM THE ANNUITY ACCOUNT

Any pension payable from the ANNUITY ACCOUNT on retirement in terms of these MASTER RULES is payable in arrears in equal monthly instalments commencing on the first day of the month next following the date of retirement (or at the discretion of the BOARD and subject to the approval of the REVENUE AUTHORITY in each case, the pension may be payable on some other basis), and will continue for the life of the PENSIONER. In the event of the death of the PENSIONER within 5 (five) years after the commencement of his pension, however pension payments will be continued for the remainder of that period.

Where the MEMBER elected the option (in terms of MASTER RULE 6.2(3) of Part I or MASTER RULE 5.4 of Part II, whichever is applicable), pension

payments to his designated dependant will commence on expiry of the aforementioned 5 (five)-year period, should the PENSIONER die within such 5 (five)-year period or, if later, on the death of the PENSIONER and will be made for the duration of the designated dependant's lifetime.

Where any pension is payable from the ANNUITY ACCOUNT is equal to or less than the amount of pension that may be commuted in full in terms of legislation applied from time to time, the BOARD shall have the right to pay the cash value thereof or to pay the pension in quarterly or half-yearly payments in arrears or yearly in arrears.

4.24 INCREASES IN PENSION

On the advice of the ACTUARY, the BOARD may, from time to time, at its sole discretion, increase the amount of pension payable to any person in terms of the RULES.

Such increase must be subject to the minimum pension increase provisions in the ACT.

4.25 SUPPLEMENTARY PENSION

It is specifically provided that, subject to the approval of the BOARD, a PARTICIPATING EMPLOYER may at its discretion direct that the amount of pension in respect of any MEMBER or retired MEMBER or DEPENDANTS of any deceased MEMBER, be increased by such amount or on such basis as determined by the PARTICIPATING EMPLOYER, where the PARTICIPATING EMPLOYER deems the amount of pension to be inadequate. The cost of such increased pension shall be borne by the PARTICIPATING EMPLOYER on such basis as agreed between the BOARD and the PARTICIPATING EMPLOYER in consultation with the ACTUARY.

4.26 CESSATION OF RISK BENEFIT

In the event of the MEMBER'S retirement or withdrawal from service a MEMBER'S RISK BENEFIT will cease in terms of the RISK POLICY.

RULE 5: PARTICIPATION

5.1 PARTICIPATING EMPLOYERS

- (1) Any PARTICIPATING EMPLOYER may apply to the BOARD on such terms and conditions as set out by the BOARD to participate in the FUND on the basis that all ELIGIBLE EMPLOYEES who qualify for membership in terms of MASTER RULE 5.2 of this Section become MEMBERS.
- (2) The participation of a PARTICIPATING EMPLOYER in the FUND as elected in respect of his employees commences on the PARTICIPATION DATE.

5.2 MEMBERS

- (1) A person, who is an ELIGIBLE EMPLOYEE on the PARTICIPATION DATE, may choose to become a MEMBER within 12 (twelve) months from that date, failing which such ELIGIBLE EMPLOYEE may only become a MEMBER if he still satisfies the eligibility requirements as set out in the SPECIAL RULES and the REVENUE AUTHORITY agrees to such ELIGIBLE EMPLOYEE becoming a MEMBER.
- (2) A person who becomes an ELIGIBLE EMPLOYEE after the PARTICIPATION DATE is obliged to participate in the FUND from the date on which he becomes an ELIGIBLE EMPLOYEE or such other date that the PARTICIPATING EMPLOYER may decide, provided that the PARTICIPATING EMPLOYER must ensure that such ELIGIBLE EMPLOYEE is enrolled as a MEMBER by giving written notice to the FUND as required under the ACT and in the manner prescribed by the BOARD from time to time.
- (3) A MEMBER'S participation in respect of a RISK BENEFIT is always conditional on his compliance with the INSURER'S requirements as laid down in the RISK POLICY from time to time and participation in such benefit only commences once the conditions of the RISK POLICY have been complied with.

5.3 CONTINUATION OF PARTICIPATION

All MEMBERS shall remain MEMBERS until all the benefits in respect of retirement, withdrawal from service, or death have been paid, or until the MEMBERS are no longer eligible to participate and the MEMBERS have received all the benefits which may due in terms of the RULES.

5.4 TEMPORARY ABSENCE OF MEMBERS

The membership of a MEMBER continues if the MEMBER is absent from service and such absence is authorised by the PARTICIPATING EMPLOYER concerned; provided that -

- (1) the entitlement of such MEMBER to any RISK BENEFIT is subject to the provisions of the RULES and the terms and conditions of the RISK POLICY concerned;
- (2) the contributions payable by the MEMBER (if any) and the PARTICIPATING EMPLOYER immediately before such absence shall continue to be paid unless the PARTICIPATING EMPLOYER decides otherwise and notifies the FUND accordingly in writing.

5.5 MEMBERS IN RECEIPT OF DISABILITY INCOME BENEFITS UNDER THE DISABILITY INCOME PLAN

- (1) An employee, who is in receipt of a benefit under the DISABILITY INCOME PLAN on the PARTICIPATION DATE, will be regarded as an ELIGIBLE EMPLOYEE, provided the PARTICIPATING EMPLOYER provides the FUND with details of such employee and provided contributions for such employee are paid to the FUND.
- (2) A MEMBER who becomes disabled and qualifies for a benefit under the DISABILITY INCOME PLAN, will not be regarded as being absent from service under MASTER RULE 5.4 of this Section and will continue to be a MEMBER until his retirement or death, whichever occurs earlier.

RULE 6: LIQUIDATION PROVISIONS

6.1 LIQUIDATION OF THE FUND

- (1) The BOARD or ISASA may, by giving written notice to the ADMINISTRATOR, request that the FUND be discontinued.
- (2) If the FUND is to be discontinued, the BOARD must, subject to the approval of the REGISTRAR, appoint a liquidator.
- (3) The liquidation date is the date on which the liquidator's appointment is approved.
- (4) The assets of the FUND must be determined as at the date of liquidation.
- (5) The provisions of MASTER RULE 6.2(4) of this Section shall mutatis mutandis apply in respect of the liquidation of the FUND. In addition any credit balance in the MAIN ACCOUNT, ANNUITY ACCOUNT and UNCLAIMED BENEFITS ACCOUNT shall be determined and dealt with by the liquidator.

6.2 LIQUIDATION OF A SUB-FUND

- (1) If a PARTICIPATING EMPLOYER is liquidated, sequestrated, wound up or elects to cease participating in the FUND and requests that the SUB-FUND be liquidated, the SUB-FUND shall be liquidated.
- (2) If a SUB-FUND is liquidated, the BOARD must, subject to the approval of the REGISTRAR, appoint a liquidator. The liquidation date of the SUB-FUND is the date on which the liquidator's appointment is approved.
- (3) On the liquidation date and in accordance with the directives of the liquidator all accrued debits and credits in respect of the accounts of the SUB-FUND must be processed so that the balances in the SUB-FUND can be determined. The aggregate of all credit balances on the liquidation date in any of the accounts of the SUB-FUND, other than the PARTICIPATING EMPLOYER SURPLUS ACCOUNT, after the liquidator made provision for

liquidation expenses and payment of any taxation due, must be allocated proportionately amongst the MEMBER ACCOUNTS, as recommended by the ACTUARY and approved by the liquidator. The value of each MEMBER'S ACCOUNT must be determined and thereafter the balance in such account must be paid in the same way as if the MEMBER exits the FUND as a result of withdrawal from the PARTICIPATING EMPLOYER'S service. The provisions of MASTER RULE 8.2 of Part I and MASTER RULE 7.3 of Part II shall *mutatis mutandis* apply in this regard. Former members who were employed by that PARTICIPATING EMPLOYER and who left the FUND within the 12 (twelve) months preceding the liquidation date shall participate in the distribution. If the former MEMBERS who qualify to participate in this distribution cannot be traced, the corresponding amounts so distributed will be dealt with appropriately as decided by the liquidator.

- (4) Any credit balance in the PARTICIPATING EMPLOYER SURPLUS ACCOUNT must be disposed of in terms of Section 15I(c) of the ACT.

6.3 TERMINATION OF SUB-FUND BY THE BOARD

The BOARD has the right to terminate the participation of a PARTICIPATING EMPLOYER in the FUND provided that at least 20 (twenty) days notice and no more than 60 (sixty) days notice of such termination is given by the BOARD to the PARTICIPATING EMPLOYER. Upon such termination, the provisions of MASTER RULE 6.2 of this Section apply in the same way, provided that the provisions of MASTER RULE 7.3 of this Section must apply if the PARTICIPATING EMPLOYER notifies the FUND thereof within 20 (twenty) days of the notice above. The BOARD may agree to any extension of these notice periods.

6.4 NO MEMBERS REMAINING

- (1) If there are no MEMBERS remaining in a SUB-FUND, but there are balances in the accounts of the SUB-FUND, the SUB-FUND must be terminated in terms of MASTER RULE 6.2 of this Section, provided that the BOARD shall determine the equitable basis for distributing the assets of the SUB-FUND, other than the PARTICIPATING EMPLOYER SURPLUS

ACCOUNT, taking into account persons who exited the SUB-FUND in the twelve months prior to the last MEMBER having exited the SUB-FUND. If such a distribution is made and some of the former members cannot be traced to make payment, the corresponding assets must be credited to the UNCLAIMED BENEFITS ACCOUNT.

- (2) If there are no MEMBERS remaining in a SUB-FUND and there are no balances in the accounts of the SUB-FUND, the BOARD shall apply to the REGISTRAR to have the SUB-FUND terminated and deregistered within the provisions of Section 27 of the ACT.

6.5 NOTIFICATION TO AUTHORITIES

The BOARD must ensure that the REVENUE AUTHORITY and the REGISTRAR are notified of the cessation of participation of a PARTICIPATING EMPLOYER under the FUND.

6.6 DISCONTINUANCE OF A PARTICIPATING EMPLOYER

If a PARTICIPATING EMPLOYER no longer meets the eligibility requirements to participate under the FUND, its participation under the FUND will cease and membership to the FUND, in respect of such PARTICIPATING EMPLOYER, will be closed. No new ELIGIBLE EMPLOYEES, including MEMBERS who belong to other SUB-FUNDS within the FUND or the PROVIDENT FUND, will be eligible to join thereafter. Such PARTICIPATING EMPLOYER must within 3 (three) months from the date their eligibility ceased, make alternative arrangements with respect to the SUB-FUND'S assets and liabilities. The BOARD may at their discretion extend the 3 (three) months for a further 3 (three) months, subject to a maximum of 6 (six) months from the ceasing date.

6.7 EXEMPTION FROM SECTION 28 OF THE ACT

Despite any other provision to the contrary contained in this MASTER RULE 6, if the FUND qualifies for exemption from the relevant provisions of Section 28 of the ACT and the REGISTRAR approves an application from the FUND in this regard, the relevant process as prescribed by the ACT shall be followed.

RULE 7: TRANSFERS

7.1 TRANSFERS OUT OF THE FUND

- (1) If a MEMBER or a group of MEMBER'S is no longer eligible to participate in the FUND, their participation under the FUND will cease.
- (2) The assets and liabilities of the FUND relating to such MEMBER or MEMBERS, must be transferred, to another APPROVED PENSION FUND, APPROVED PROVIDENT FUND, APPROVED PRESERVATION PENSION FUND or APPROVED RETIREMENT ANNUITY FUND as notified by the PARTICIPATING EMPLOYER in writing or electronically to the FUND, subject to the requirements of the ACT unless the PARTICIPATING EMPLOYER advises the BOARD that each such MEMBER or category of MEMBERS, who would otherwise be so transferred must be permitted to withdraw from the FUND in terms of MASTER RULE 8 of Part I and MASTER RULE 7 of Part II due to their contracts of employment being terminated as a result of a transfer in terms of section 197 of the Labour Relations Act, 1995.
- (3) Any PARTICIPATING EMPLOYER who operates a PARTICIPATING EMPLOYER SURPLUS ACCOUNT may apply to the BOARD in terms of section 15E of the ACT to transfer some or all of the credit balance held in that account to a comparable account under another fund in which the PARTICIPATING EMPLOYER participates. Once the approval of the REGISTRAR and the BOARD has been received, such amount may be transferred to the other fund with INVESTMENT RETURN as determined by the BOARD from date of application to the receipt of approval.

7.2 TRANSFERS OF SUB-FUND BY A PARTICIPATING EMPLOYER TO ANOTHER FUND

- (1) If a PARTICIPATING EMPLOYER elects to cease participating in the FUND, and advises the FUND of another APPROVED PENSION FUND or APPROVED PROVIDENT FUND in which it will participate and to which the SUB-FUND'S assets and liabilities shall be transferred in terms of the ACT, the provisions of MASTER RULE 7.1 of this Section shall apply.

- (2) The assets and liabilities of that SUB-FUND shall be transferred to the other APPROVED PENSION FUND or APPROVED PROVIDENT FUND subject to the provisions of section 14 of the ACT and any requirements of the REVENUE AUTHORITY.

7.3 TRANSFER OR AMALGAMATION IN RESPECT OF A PARTICIPATING EMPLOYER

If a PARTICIPATING EMPLOYER transfers to or amalgamates with some other organisation, the other organisation may either apply to join the FUND as a PARTICIPATING EMPLOYER or the PARTICIPATING EMPLOYER may terminate its participation as set out in MASTER RULE 6.2 of this Section. If the other organisation is already a PARTICIPATING EMPLOYER, the SUB-FUND will be amalgamated with the SUB-FUND of the other organisation.

7.4 PARTIAL TRANSFER OR AMALGAMATION IN RESPECT OF A PARTICIPATING EMPLOYER

If a part of the business of a PARTICIPATING EMPLOYER transfers to or amalgamates with some other business, company or organisation, the provisions of MASTER RULE 6.2 of this Section, shall mutatis mutandis, apply in respect of such part of the PARTICIPATING EMPLOYER'S business.

RULE 8: FINANCIAL PROVISIONS

8.1 GENERAL

All contributions received by the FUND are paid into a BANK ACCOUNT.

8.2 ACCOUNTS

The FUND must in addition to the accounts referred to in MASTER RULE 4 of Part I and of Part II keep the following accounts for the administration of the FUND. The BOARD may establish any other account as it deems appropriate from time to time.

(1) MAIN ACCOUNT

The BOARD must review the balance in the MAIN ACCOUNT at least once in each FINANCIAL YEAR to determine the amounts, if any, that will be required to be transferred from the other accounts to meet the FUND expenses for the next FINANCIAL YEAR.

The following debits and credits are recorded in the MAIN ACCOUNT:

(a) DEBITS

(b) CREDITS

(i) Any amount transferred to a MEMBER ACCOUNT as determined by the BOARD in consultation with the ACTUARY.	(i) Any amount transferred from the INVESTMENT RESERVE ACCOUNT and as determined by the BOARD in consultation with the ACTUARY.
(ii) Administration fees, expenses and costs incurred by the FUND.	(ii) Any amount transferred in terms of MASTER RULE 2.5(1)(a) in Part I and MASTER RULE 2.4(1)(a) of Part II.

(iii) Any amounts transferred in respect of a claim for a RISK BENEFIT.	(iii) That portion of the total contribution in terms of MASTER RULE 2.2(2)(a) of Part I and of Part II.
(iv) Premiums payable to the RISK PROVIDER for RISK BENEFIT cover, including in terms of the RISK POLICY, any interest on such premiums.	(iv) Amounts received from the UNCLAIMED BENEFITS ACCOUNT as determined by the BOARD to fund the expenses in respect of UNCLAIMED BENEFITS.
(v) Amounts transferred in respect of a claim to the ANNUITY ACCOUNT and the SPOUSES' AND DEPENDENT CHILDREN'S ACCOUNT, whichever is applicable.	(v) Any payments or transfers from a PARTICIPATING EMPLOYER SURPLUS ACCOUNT.
	(vi) Amounts received from the RISK PROVIDER in respect of a claim for a RISK BENEFIT.
	(vii) Contributions payable for RISK BENEFITS in terms of MASTER RULE 2.2(2)(b)(i) in Part I and of Part II.

(2) ANNUITY ACCOUNT

The following debits and credits are recorded in the ANNUITY ACCOUNT:

(a) DEBITS

(b) CREDITS

(i) Monthly pension payable.	(i) Amounts to provide pension benefits, including pension benefits in respect of voluntary contributions, transferred from the MEMBER ACCOUNT and the DISABILITY ACCOUNT.
(ii) The lump sum amount in MASTER RULE 7.2 of Part I, payable on the death of a PENSIONER.	(ii) Amounts to provide pension benefits transferred from the SPOUSES' AND DEPENDENT CHILDREN'S ACCOUNT.
(iii) The cost of providing a pension payable from the FUND.	(iii) Amounts to provide pension benefits transferred from the DISABILITY ACCOUNT.
(iv) Any negative INVESTMENT RETURN.	(iv) Increases to a pension transferred from the MEMBER ACCOUNT in Part I.
	(v) Ex-gratia increases to a pension transferred from a MEMBER ACCOUNT or from a PARTICIPATING EMPLOYER SURPLUS ACCOUNT in Part I.

	(vi) Any positive INVESTMENT RETURN.
	(vii) Amounts transferred in terms of MASTER RULE 2.5(1)(a) of Part I.

(3) UNCLAIMED BENEFITS ACCOUNT

The following debits and credits are recorded in the UNCLAIMED BENEFITS ACCOUNT for each MEMBER whose benefits became unclaimed which will, in aggregate, comprise the UNCLAIMED BENEFITS ACCOUNT:

(a) DEBITS

(b) CREDITS

(i) Any amount validly claimed in respect of a benefit credited to this account by any MEMBER or DEPENDANT or other person entitled to make any claim in respect of any benefit.	(i) Any amount transferred from a MEMBER ACCOUNT in Part I and in Part II in respect of UNCLAIMED BENEFITS.
(ii) Reasonable costs to trace BENEFICIARIES charged against the benefit due to the BENEFICIARY.	(iii) Any payments or transfers from a PARTICIPATING EMPLOYER SURPLUS ACCOUNT in Part I and in Part II.
(iii) Amounts transferred to the MAIN ACCOUNT as determined by the BOARD to fund the expenses in respect of UNCLAIMED BENEFITS.	(iii) Any amount transferred in terms of MASTER RULE 2.5(1)(a) of Part I and MASTER RULE 2.4(1)(a) of Part II.

<p>(iv) Any UNCLAIMED BENEFIT and the INVESTMENT RETURN thereon payable to any other fund legally entitled to hold UNCLAIMED BENEFITS in accordance with the provisions of the ACT and the requirements of the REVENUE AUTHORITY.</p>	<p>(iv) Any positive INVESTMENT RETURN.</p>
<p>(v) Any negative INVESTMENT RETURN.</p>	

RULE 9: INVESTMENTS

9.1 INVESTMENTS – GENERAL

- (1) The INVESTMENT POLICY STATEMENT shall set out the investment strategy of the BOARD for the FUND and shall, subject to the MASTER RULES, from time to time provide for any matter the BOARD regards appropriate in relation to the investment of the assets of the FUND, including the following:
 - (a) The selection by the BOARD of INVESTMENT PORTFOLIOS which will be made available for the investment of the balances in the various accounts.
 - (b) Prescribe guidelines, terms and conditions that will apply to any right given to a MEMBER to either choose the TRUSTEE PORTFOLIO or an INVESTMENT PORTFOLIO as well as any related matter, provided that -
 - (i) different guidelines, terms and conditions may be prescribed for different INVESTMENT PORTFOLIOS or combinations of INVESTMENT PORTFOLIOS;
 - (ii) the INVESTMENT POLICY STATEMENT will set out the choices of INVESTMENT PORTFOLIOS that are available to MEMBERS and the right of the BOARD to move the investment to another INVESTMENT PORTFOLIO;
 - (c) the selection of INVESTMENT PORTFOLIOS of which the TRUSTEE PORTFOLIO will comprise.
 - (d) Provide for the unitisation of INVESTMENT PORTFOLIOS as is regarded appropriate, including –
 - (i) the guidelines that will apply in determining the value of UNITS;
 - (ii) provisions that will facilitate proof of the value of a UNIT at a particular date;

- (iii) the process and manner in which the sale and purchase of UNITS will take place;
 - (e) Investment rules that will apply in relation to the switching of balances in accounts between INVESTMENT PORTFOLIOS and to disinvestments of all or some of the balances in those accounts.
- (2) Where the MEMBER has the right to make a choice of INVESTMENT PORTFOLIOS in which an account balance is to be invested, in terms of the INVESTMENT POLICY STATEMENT;
 - (a) the MEMBER shall assume full responsibility for that choice and continuous review of that choice (including when the MEMBER is defaulted into the TRUSTEE PORTFOLIO); and
 - (b) the FUND, BOARD and any other officials, employees or consultants of the FUND shall not carry any responsibility in respect of any such choice made and shall not be liable for any damages suffered arising from such choice or any advice provided to the MEMBER.
 - (c) the onus of communicating any choice made (including any switching of an INVESTMENT PORTFOLIO) shall be on the MEMBER and for this purpose no choice or election has been communicated, unless the MEMBER can produce proof of receipt thereof by the FUND represented by the PRINCIPAL OFFICER, ADMINISTRATORS or other person duly authorised by the BOARD to receive such communication on behalf of the FUND.
- (3) The FUND must enter into an investment agreement (such as a POLICY OF INSURANCE or investment mandate) with an INVESTMENT PROVIDER in respect of each INVESTMENT PORTFOLIO. In the case of an INVESTMENT PORTFOLIO which is a collective investment scheme the mandate may be determined by the INVESTMENT PROVIDER rather than the BOARD, provided the key features of that mandate are provided to the FUND in such a way that a MEMBER is able to make an informed decision as to whether to participate in the INVESTMENT PORTFOLIO.

- (4) In approving the INVESTMENT POLICY STATEMENT from time to time the BOARD must consider,
- (a) what is in the best interests of the FUND and its MEMBERS;
 - (b) the investment objectives and appropriateness of each INVESTMENT PORTFOLIO; and
 - (c) the types of investments which the FUND is prepared to make and those which it is not prepared to make.
- (5) The BOARD must-
- (a) determine one or more appropriate benchmarks of performance for each INVESTMENT PORTFOLIO, noting that one or more inflation-related index or peer-related benchmarks may be relevant for the assessment of performance of that INVESTMENT PORTFOLIO;
 - (b) measure the performance of each INVESTMENT PORTFOLIO in terms of those benchmarks over periods described in the INVESTMENT POLICY STATEMENT;
 - (c) review the appropriateness of the INVESTMENT PORTFOLIO with reference to their objectives in the light of their performance, new product offerings available to the FUND and continued compliance with the criteria set down in the INVESTMENT POLICY STATEMENT;
 - (d) review from time to time the appropriateness of the benchmarks.
- (6) Where the assets are owned by the FUND or the FUND has rights in respect of the investments underlying a POLICY OF INSURANCE, the BOARD must exercise any rights attaching to those investments of the FUND, in particular any voting rights, on the basis that the exercise of such rights is for the benefit of the MEMBERS of the FUND who participate in the corresponding INVESTMENT PORTFOLIO.

(7) The BOARD:-

- (a) may withdraw any INVESTMENT PORTFOLIO available for investment of assets of the FUND or may close an INVESTMENT PORTFOLIO to new investments. This withdrawal or closure of an INVESTMENT PORTFOLIO may be for any reason determined by the BOARD to be in the best interests of the FUND or the MEMBERS;**
 - (b) must withdraw an INVESTMENT PORTFOLIO if that INVESTMENT PORTFOLIO does not comply with the requirements of any law applicable to the FUND, including any Reserve Bank requirement or any requirements stipulated by the REGISTRAR;**
 - (c) may require any MEMBER to withdraw so much from an INVESTMENT PORTFOLIO as is necessary in order to ensure that the FUND is compliant with the requirements of any law; provided that such compliance requirements are applicable to every MEMBER;**
 - (d) must, where the BOARD has changed or withdrawn investments made for the benefit of a MEMBER in terms of this MASTER RULE, invest these amounts in an INVESTMENT PORTFOLIO that the BOARD considers as appropriate under the circumstances, if the MEMBER has not elected another INVESTMENT PORTFOLIO or advised the FUND where the amounts should be invested in terms of the INVESTMENT POLICY STATEMENT.**
- (8) The BOARD may introduce new INVESTMENT PORTFOLIOS, in which case the MEMBERS who qualify in terms of the INVESTMENT POLICY STATEMENT to invest in those INVESTMENT PORTFOLIOS must be notified of the new opportunity available to them for selection.**
- (9) On receipt of an exit notification, or on the TERMINATION DATE of the FUND or SUB-FUND, the amount in the MEMBER ACCOUNT, or after receipt of any RISK BENEFIT if it applies in terms of the RULES, must be disinvested from the INVESTMENT PORTFOLIO and be invested in an INVESTMENT PORTFOLIO which preserves capital as determined by the**

BOARD until it is paid to the MEMBER, his BENEFICIARY or it is credited to the UNCLAIMED BENEFITS ACCOUNT in terms of MASTER RULE 4.6 of the General Section.

9.2 INFORMATION REGARDING INVESTMENT PORTFOLIOS

- (1) The BOARD must take reasonable steps to provide information relating to the INVESTMENT PORTFOLIO applicable to each MEMBER, and any changes to such INVESTMENT PORTFOLIO to the MEMBERS themselves, or through the relevant PARTICIPATING EMPLOYER, or its representative, who must take reasonable steps to make this information available to the MEMBERS employed by that PARTICIPATING EMPLOYER.
- (2) The PARTICIPATING EMPLOYER must take reasonable steps to inform each MEMBER of the choices that the MEMBER has as defined in the INVESTMENT POLICY STATEMENT.

PART I

PART I - APPLICABLE IN RESPECT OF DEFINED BENEFITS

Definitions defined in this Part and reference thereto shall be construed as having reference to this Part and the General Section only; provided that any specific reference to Part II shall be construed as a reference to Part II.

Any reference in this Part to "MASTER RULES", "RULES" and "SPECIAL RULES" shall be construed as having reference to this Part and the General Section only; provided that any specific reference to Part II shall be construed as a reference to Part II.

RULE 1: DEFINITIONS

APPROVED DEPENDANT means for the purpose of MASTER RULE 7.1 of this Part only, any person who, in the opinion of the BOARD, was dependent on the MEMBER for maintenance.

CONTRIBUTORY SERVICE means the period for which a MEMBER has contributed to the FUND.

DATE OF COMMENCEMENT means 1 July 1974.

DEPENDENT CHILD means the child of a MEMBER, DEFERRED PENSIONER or PENSIONER, and shall include a posthumous child, a stepchild, a child born out of wedlock and an adopted child, on satisfactory proof of the facts in each case to the BOARD; provided that the child has not been married and

- (a) (i) is under the age of 18 (eighteen) years; or
 - (ii) is under the age of 25 (twenty-five) years and is, in the opinion of the BOARD, undergoing full-time education; or
 - (iii) is in the opinion of the BOARD, permanently incapacitated by reason of physical or mental infirmity from supporting himself and so incapacitated at the date of death of the MEMBER, DEFERRED PENSIONER or PENSIONER; and
- (b) in respect of a child of a PENSIONER, was a dependent child when the PENSIONER'S pension became payable or was born of a marriage subsisting when such pension became payable;

provided that the BOARD may, at their absolute discretion, reinstate as a dependent child a child who temporarily ceased to be a dependent child.

DEFERRED PENSIONER means a MEMBER who, prior to 1 November 2002, has withdrawn from service and elected to receive a deferred pension in terms of MASTER RULE 8.2(2)(d) of this Part.

DEFERRED PENSION ACCOUNT means the account kept by the FUND in terms of MASTER RULE 4.2(3) of this Part.

Definitions

DISABILITY ACCOUNT means the account kept by the FUND in terms of MASTER RULE 4.2(1) of this Part.

ELIGIBLE EMPLOYEE means an employee who

- (a) is on the permanent staff of a PARTICIPATING EMPLOYER, or is employed on a contract basis for at least a 12 (twelve)-month period in terms of an employment contract; and
- (b) is at least five years before NORMAL RETIREMENT AGE at the date on which it is intended that he becomes a MEMBER in terms of MASTER RULE 5.2 of the General Section; and
- (c) falls within the eligible categories specified by his PARTICIPATING EMPLOYER.

Where a PARTICIPATING EMPLOYER amends his specification of eligible categories or the MEMBER transfers to the service of another PARTICIPATING EMPLOYER whose specification of eligible categories exclude such MEMBER from being recognised as an eligible employee, such MEMBER shall continue to be recognised as an eligible employee.

FINAL AVERAGE SALARY means the average PENSIONABLE SALARY earned over:-

- (a) the 2 (two)-year period or the 1 (one)-year period, depending on what the PARTICIPATING EMPLOYER has elected, immediately preceding the date of retirement or, if applicable in terms of MASTER RULE 8.2(2)(b), (c) and (d) of this Part, the date of the MEMBER'S withdrawal; or
- (b) where less than 2 (two) years' service or 1 (one) year's service, whichever period of service is applicable, has been rendered, the average shall be calculated over the whole period of service;

provided that if a MEMBER changes employment from a senior to a more junior position and is still in that junior position at the date of exit or changes the number of hours he works per month, during this PENSIONABLE SERVICE:-

- (i) his **PENSIONABLE SALARY** during the period of shorter hours or the more junior position is, for the purpose of calculating his final average salary, divided by the **PENSIONABLE RATIO**; and
- (ii) for the purpose of calculating any part of a pension that is based on **PENSIONABLE SERVICE** while working shorter hours or the more junior position, his final average salary so calculated is multiplied by the **PENSIONABLE RATIO**.

INDIVIDUAL MEMBER means an individual member in terms of **MASTER RULE 8.4** of this Part.

MARRIED means married in terms of South African law, save that the **BOARD** may in their sole discretion accept marriages in terms of local custom.

SPOUSE means the widow/widower of

- (i) a **MEMBER** who dies in service, and who was **MARRIED** to the **MEMBER** at the date of his death, or
- (ii) a **PENSIONER** who dies after retirement, and who was **MARRIED** to the **PENSIONER** at the date of his retirement;
- (iii) a **DEFERRED PENSIONER** who dies before retirement, and who was **MARRIED** to the **MEMBER** at the date of his withdrawal.

Where custom so permits, the **BOARD** may at its discretion decide that more than one person shall be regarded as a spouse in which event the total benefits payable to such persons collectively shall be equal to the benefits, which would have been paid to one spouse and that such benefit shall be split between the spouses as decided by the **BOARD**.

The **BOARD** may also deem a person (irrespective of whether such person is of the same or opposite sex) who cohabits with or is dependent on a **MEMBER**, **DEFERRED PENSIONER** or **PENSIONER** to be a spouse for the purposes of the **RULES**, provided that:

- (aa) in the case of a **PENSIONER**, the cohabitation or dependency already existed at the date of retirement of the **PENSIONER**;

Definitions

(bb) in the case of a DEFERRED PENSIONER, the cohabitation or dependency already existed at the date of withdrawal of the MEMBER.

SOLVENCY RESERVE ACCOUNT means the reserve kept by the FUND in terms of MASTER RULE 4.3(3) of this Part.

SPOUSES' AND DEPENDENT CHILDREN'S ACCOUNT means the account kept by the FUND in terms of MASTER RULE 4.2(2) of this Part.

SURPLUS EXPENSE RESERVE ACCOUNT means the account kept by the FUND in terms of MASTER RULE 4.3(4) of this Part.

PENSIONABLE SERVICE means the period of continuous service in respect of which, contributions are paid to the FUND by the MEMBER and such service as is made pensionable in terms of these MASTER RULES.

PENSIONABLE RATIO means for a MEMBER who changes employment from a senior to a more junior position or changes the number of hours he works per month, the ratio that the PENSIONABLE SALARY for the shorter hours or the more junior position bears to the PENSIONABLE SALARY for the longer hours or the more senior position at the time of the change.

RULE 2: CONTRIBUTIONS

2.1 MEMBER CONTRIBUTIONS

- (1) Each MEMBER must contribute in respect of each calendar month of membership of the FUND at the rate equal to 7% (seven per cent) of 1/12th (one-twelfth) of the MEMBER'S PENSIONABLE SALARY, unless another rate is specified in the SPECIAL RULES. The contribution must be credited to the MEMBER ACCOUNT when it is received by the FUND.
- (2) Notwithstanding MASTER RULE 2.1(1) above a female MEMBER who at 31 August 1988 elected in writing to the PARTICIPATING EMPLOYER must contribute in respect of each calendar month of membership of the FUND at the rate equal to 5% (five per cent) of 1/12th (one-twelfth) of the MEMBER'S PENSIONABLE SALARY.
- (3) A MEMBER may contribute such additional voluntary amounts as he may decide to be applied towards retirement funding.

2.2 CONTRIBUTIONS BY PARTICIPATING EMPLOYER

- (1) At the date of establishment of a MEMBER ACCOUNT and at each actuarial valuation thereafter, the ACTUARY must determine the rate of the PARTICIPATING EMPLOYER contribution which, together with the MEMBER contribution, shall be sufficient to provide the benefits in terms of the RULES. This contribution must be expressed as a percentage of 1/12th (one-twelfth) of MEMBERS' PENSIONABLE SALARIES.
- (2) The SPECIAL RULES must specify that the total contribution in terms of MASTER RULE 2.2(1) above includes the following:
 - (a) A pro-rata amount to cover the administration costs (inclusive of value-added tax).
 - (b) An amount equal to the following percentages to cover the premium payments:

- (i) in respect of the RISK BENEFITS, an amount not exceeding 0,55% (zero comma five-five per cent),
- (ii) in respect of the SPOUSE'S benefit and/or DEPENDENT CHILD'S benefit, an amount not exceeding 1,00% (one per cent),
- (iii) in respect of the PARTICIPATING EMPLOYER'S DISABILITY INCOME PLAN, an amount not exceeding 0,75% (seven comma five per cent),

of 1/12th (one-twelfth) of the MEMBERS' PENSIONABLE SALARY.

- (3) If there is a PARTICIPATING EMPLOYER SURPLUS ACCOUNT, then the PARTICIPATING EMPLOYER may request the BOARD to debit such account in respect of any amount which the PARTICIPATING EMPLOYER is in terms of this MASTER RULE 2.2 required to pay to the FUND as a contribution or otherwise, for any period of time fixed by the PARTICIPATING EMPLOYER or, if earlier, until the amount to the credit of such account has been exhausted, subject to Section 15E of the ACT. Such amount must be credited to the relevant accounts.
- (4) A PARTICIPATING EMPLOYER may make any additional contribution to be credited to the PARTICIPATING EMPLOYER SURPLUS ACCOUNT on the understanding that this may or may not be tax deductible in its hands depending on any requirement of the REVENUE AUTHORITY.
- (5) Any contribution made in terms of MASTER RULE 2.2(4) above may be made with the express purpose of augmenting the benefits payable in terms of MASTER RULES 6, 7, and 8 of this Part to a particular MEMBER or group of MEMBERS, subject to Section 15E of the ACT.
- (6) A PARTICIPATING EMPLOYER may make any additional contribution to be credited to the MEMBER ACCOUNT of the MEMBER on the understanding that this may or may not be tax deductible in the hands of the PARTICIPATING EMPLOYER depending on any requirement of the REVENUE AUTHORITY.

2.3 ACTUARIAL DETERMINATION OF CONTRIBUTIONS

- (1) It is specifically provided that the rate of contribution shall be determined separately for each PARTICIPATING EMPLOYER, the amount of each PARTICIPATING EMPLOYER'S contribution shall be calculated by applying such rate to the total PENSIONABLE SALARY of the MEMBERS employed by the PARTICIPATING EMPLOYER and adding such amount as the BOARD, in consultation with the ACTUARY, shall require.
- (2) If at any time, the credit balance maintained in respect of any one PARTICIPATING EMPLOYER is, in the opinion of the ACTUARY, not adequate to provide the benefits in terms of the RULES as they apply to MEMBERS employed by such PARTICIPATING EMPLOYER, the BOARD must, in consultation with the ACTUARY, require either –
 - (i) an additional contribution to be paid by the PARTICIPATING EMPLOYER at such time or times and of such amounts as agreed to with the ACTUARY and the BOARD; or
 - (ii) an increase in the future rate of the PARTICIPATING EMPLOYER'S and/or MEMBERS' contributions; or
 - (iii) a reduction in benefits in respect of future service; or
 - (iv) any combination of these actions.

2.4 PAYMENT OF CONTRIBUTIONS

The PARTICIPATING EMPLOYER must pay contributions for and behalf of the MEMBERS to the FUND within a period of 7 (seven) days from the end of the calendar month to which such contributions relate. The payment of contributions is regulated under the ACT.

2.5 AMOUNTS TRANSFERRED TO THE FUND FROM OTHER FUNDS

- (1) Subject to the approval of the REGISTRAR in terms of Section 14 or Section 15E (as applicable) of the ACT, any amount relating to the transfer of business of a MEMBER, PENSIONER, DEFERRED PENSIONER, any other BENEFICIARY, or any balance in an employer surplus account in any

APPROVED PENSION FUND or APPROVED PROVIDENT FUND may be transferred to the FUND with effect from the date of approval by the REGISTRAR.

- (a) The TOTAL TRANSFER CREDIT must be allocated amongst such accounts as specified in terms of the application in terms of Section 14 or Section 15E of the ACT approved by the REGISTRAR, when it is received by the FUND.**
 - (b) Where the Section 14 or the Section 15E application referred to in (a) above does not make provision for the allocation of the TOTAL TRANSFER CREDIT to be specifically allocated amongst any accounts, such amount must be used to secure PENSIONABLE SERVICE or additional benefits for the MEMBERS, PENSIONERS, DEFERRED PENSIONERS or other BENEFICIARIES as applicable when it is received by the FUND.**
- (2) Any amount relating to the membership of a MEMBER in any APPROVED PRESERVATION PENSION FUND or APPROVED PRESERVATION PROVIDENT FUND, may, provided the BOARD agrees thereto and subject to any requirements of the REVENUE AUTHORITY, be paid to the FUND. Any such amount must be credited to the MEMBER ACCOUNT of the MEMBER concerned when it has been received by the FUND.**

RULE 3: SPECIAL TRANSFERS TO PART II

3.1 TRANSFERS TO PART II

- (1) A PARTICIPATING EMPLOYER may decide, subject to the BOARD'S approval, to give a specified category of its employees who are MEMBERS of the FUND an irrevocable option to transfer from this Part to Part II.
- (2) Each MEMBER of the specified category who chooses to join Part II must exercise his option in writing to the BOARD by the last day of the month preceding the month on which the membership of Part II shall commence.
- (3) On joining Part II, the MEMBER'S accrued past service actuarial liability is to be applied in terms of the RULES of Part II.
- (4) PENSIONABLE SERVICE in terms of this Part will be recognised in terms of Part II on a basis determined by the BOARD after consultation with the ACTUARY.

3.2 TRANSFERS TO PART II OTHER THAN IN TERMS OF MASTER RULE 3.1

- (1) A PARTICIPATING EMPLOYER may decide, subject to the BOARD'S approval, to cease its participation in Part I in respect of new MEMBERS and to give existing MEMBERS an irrevocable option to transfer from this Part to Part II.
- (2) Each MEMBER who chooses to join Part II must exercise his option in writing to the BOARD within such period as specified by the PARTICIPATING EMPLOYER.
- (3) On joining the FUND an amount determined by the BOARD on the advice of the ACTUARY to be the MEMBER'S accrued liability, determined by the ACTUARY at the date of transfer in accordance with the method and bases of the most recent statutory valuation report, shall be transferred to Part II.

- (4) The balance of the assets after transfer in terms of this MASTER RULE shall be utilised to provide benefits for MEMBERS electing to remain under this Part and thereafter, subject to the approval of the REGISTRAR, such balance shall be retained in the PARTICIPATING EMPLOYER SURPLUS ACCOUNT as determined by the ACTUARY and as set out in Part II.
- (5) PENSIONABLE SERVICE in terms of this Part in respect of a MEMBER so transferred will be recognised in terms of Part II on a basis determined by the BOARD after consultation with the ACTUARY.

RULE 4: FINANCIAL PROVISIONS

4.1 ACCOUNTS

The FUND must keep the accounts as set out in MASTER RULE 4.2 and MASTER RULE 4.3 of this Part for the administration of the FUND. The BOARD may establish any other accounts as it deems appropriate from time to time provided that any account at FUND level need not be established at SUB-FUND level unless the BOARD considers it necessary or desirable.

The following accounts are kept at FUND level:

- (a) DISABILITY ACCOUNT;
- (b) SPOUSES' AND DEPENDENT CHILDREN'S ACCOUNT; and
- (c) DEFERRED PENSIONER ACCOUNT.

The following accounts are kept at SUB-FUND level:

- (d) MEMBER ACCOUNT;
- (e) PARTICIPATING EMPLOYER SURPLUS ACCOUNT;
- (f) SOLVENCY RESERVE ACCOUNT; and
- (g) SURPLUS EXPENSE RESERVE ACCOUNT.

4.2 FUND LEVEL ACCOUNTS

(1) DISABILITY ACCOUNT

The following debits and credits are recorded in the DISABILITY ACCOUNT:

(a) DEBITS

(b) CREDITS

(i) Increases to the disability income benefit in excess of the rate in terms of the DISABILITY	(i) The accrued past service liability in respect of a disabled MEMBER
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INCOME PLAN.	transferred from the MEMBER ACCOUNT of this Part.
(ii) The amount of pension transferred to the ANNUITY ACCOUNT in terms of MASTER RULE 6.2(3)(a) of this Part or the cost of any pension purchased on retirement in terms of MASTER RULE 6.2(3)(b) of this Part paid to an INSURER (as the case may be).	(ii) Contribution payable by the INSURER towards retirement funding in respect of a MEMBER who is in receipt of a disability income benefit in terms of the DISABILITY INCOME PLAN .
(iii) Accrued past service liability in respect of a recovered MEMBER transferred to the MEMBER ACCOUNT in this Part.	(iii) Amounts transferred in terms of MASTER RULE 2.5(1)(a) of this Part.

(2) THE SPOUSE'S AND DEPENDENT CHILDREN'S ACCOUNT

The following debits and credits are recorded in the **SPOUSE'S AND DEPENDENT CHILDREN'S ACCOUNT**:

(a) DEBITS

(b) CREDITS

(i) The amount sufficient to provide the SPOUSES' and DEPENDENT CHILD'S pension transferred to the ANNUITY ACCOUNT .	(i) If applicable, contributions made in respect of pension benefits for SPOUSES and DEPENDENT CHILDREN transferred from the MEMBER ACCOUNT in this Part.
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(ii) Lump sum death benefit payable where no SPOUSES' and DEPENDENT CHILD'S pensions are paid.	(ii) Accrued past service liability arising on the death of a MEMBER transferred from the MEMBER ACCOUNT in this Part.
	(iii) On the death of a disabled member the accrued past service liability transferred from the DISABILITY ACCOUNT.
	(iv) Amounts transferred in terms of MASTER RULE 2.5(1)(a) of this Part.

(3) DEFERRED PENSIONER ACCOUNT

The following debits and credits are recorded in the DEFERRED PENSIONER ACCOUNT:

(a) DEBITS

(b) CREDITS

(i) Amount payable to the DEFERRED PENSIONER in terms of MASTER RULE 8.5 of this Part.	(i) The capital value of the deferred pension in terms of MASTER RULE 8.2(2)(d) or MASTER RULE 8.2(2)(e) of this Part transferred from the MEMBER ACCOUNT in this Part.
(ii) Any amount required to provide the pension in terms of MASTER RULE 6.1(2) of this Part transferred to the ANNUITY	(ii) Amounts transferred in terms of MASTER RULE 2.5(1)(a) of this Part.

ACCOUNT.	
(iii) Any amount required to provide the pension on the death of a DEFERRED PENSIONER in terms of MASTER RULE 7.3 of this Part transferred to the SPOUSES' AND DEPENDENT CHILDREN'S ACCOUNT.	

4.3 SUB-FUND LEVEL ACCOUNTS

(1) MEMBER ACCOUNT

The following debits and credits are recorded in the MEMBER ACCOUNT:

(a) DEBITS

(b) CREDITS

(i) Any amount commuted on retirement.	(i) Contributions in terms of MASTER RULE 2.1 and 2.2(6) of this Part.
(ii) The amount of pension transferred to the ANNUITY ACCOUNT in terms of MASTER RULE 6.2(3)(a) of this Part or the cost of any pension purchased on retirement in terms of MASTER RULE 6.2(3)(b) of this Part paid to an INSURER (as the case may be).	(ii) The balance of the total contribution referred to in MASTER RULE 2.2(1) of this Part less the amounts in MASTER RULE 2.2(2) of this Part.
(iii) Any withdrawal payment under MASTER RULE 8 of this Part.	(iii) Amounts transferred in terms of MASTER RULE 2.5(1) and MASTER RULE 2.5(2) of this Part if

	applicable.
(iv) The benefit payable on the death of a MEMBER under MASTER RULE 7 of this Part.	(iv) Any amounts transferred from the PARTICIPATING EMPLOYER SURPLUS ACCOUNT in terms of MASTER RULE 2.2(3) or 2.2(5) of this Part.
(v) The amount calculated in respect of a transfer to Part II in terms of MASTER RULE 3 of this Part.	(v) Positive INVESTMENT RETURN.
(vi) Accrued past service liability in respect of a disabled MEMBER transferred to the DISABILITY ACCOUNT.	(vi) Balance in the MEMBER ACCOUNT in Part II in respect of a Part II transfer.
(vii) The contribution in terms of MASTER RULE 2.2(2)(b)(ii) of this Part to provide SPOUSE'S and DEPENDENT CHILDS pension transferred to the SPOUSE'S AND DEPENDENT CHILDREN'S ACCOUNT.	(vii) Accrued past service liability in respect of a recovered MEMBER transferred from the DISABILITY ACCOUNT.
(viii) Ex-gratia pension payments transferred to the ANNUITY ACCOUNT.	(viii) Withdrawal benefit in respect of a DEFERRED PENSIONER in terms of MASTER RULE 8.2(2)(d) of this Part transferred from

	the DEFERRED PENSIONER ACCOUNT.
(ix) Additional PENSIONER increase transferred to the ANNUITY ACCOUNT.	
(x) Negative INVESTMENT RETURN.	
(xi) Amounts transferred from any other account as determined by the BOARD in consultation with the ACTUARY.	
(xii) Any amount payable to the UNCLAIMED BENEFITS ACCOUNT of the General Section.	

(2) PARTICIPATING EMPLOYER SURPLUS ACCOUNT

The PARTICIPATING EMPLOYER SURPLUS ACCOUNT is established in terms of Section 15E of the ACT. The following debits and credits are recorded in the PARTICIPATING EMPLOYER SURPLUS ACCOUNT:

(a) DEBITS

(b) CREDITS

(i) Any payments or transfers to the PARTICIPATING EMPLOYER SURPLUS ACCOUNT in Part II of a PARTICIPATING EMPLOYER as determined by the BOARD in consultation with the ACTUARY.	(i) Any amount transferred from the PARTICIPATING EMPLOYER SURPLUS ACCOUNT in Part II of a PARTICIPATING EMPLOYER.
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(ii) Any payments, transfers to any other account in the FUND, or transfer to another fund, at the request of the PARTICIPATING EMPLOYER, as resolved by the BOARD from time to time subject to Section 15E of the ACT.	(ii) Any amount transferred in terms of MASTER RULE 2.5(1)(a) of this Part.
(iii) Any amounts transferred to the MEMBER ACCOUNT in terms of MASTER RULE 2.2(3) or 2.2(5) of this Part.	(iii) Any amount transferred from an employer surplus account in another fund in which the PARTICIPATING EMPLOYER participates in terms of Section 15E of the ACT.
(iv) Negative INVESTMENT RETURN.	(iv) Positive INVESTMENT RETURN.
(v) Any amount required to fund a deficit arising under the FUND in accordance with the provisions of Section 15H of the ACT.	(v) Any contribution to the FUND made by the PARTICIPATING EMPLOYER in terms of MASTER RULE 2.2(4) of this Part.

(3) SOLVENCY RESERVE

The SOLVENCY RESERVE is set up as determined by the BOARD in consultation with the ACTUARY. The level of the SOLVENCY RESERVE shall be reviewed and revised at each statutory valuation of the FUND on the advice of the ACTUARY.

(4) SURPLUS EXPENSE RESERVE ACCOUNT

The following debits and credits are recorded in the SURPLUS EXPENSE RESERVE ACCOUNT:

(a) DEBITS

(b) CREDITS

(i) Amounts as determined by the BOARD, to meet any costs and expenses specifically arising as a result of the SUB-FUND'S compliance with the ACT.	(i) Any amount allocated to this account as determined by the BOARD in consultation with the ACTUARY.
(ii) Any amount transferred to the MEMBER ACCOUNT in this Part as determined by the BOARD in consultation with the ACTUARY.	(ii) Any positive INVESTMENT RETURN.
(iii) Any negative INVESTMENT RETURN.	(iii) Any additional amounts as determined by the BOARD in consultation with the ACTUARY to augment any anticipated shortfall.
	(iv) Any payments or transfers from the PARTICIPATING EMPLOYER SURPLUS ACCOUNT in this Part.

RULE 5: PENSION BENEFITS

5.1 PENSION PAYABLE ON THE DEATH OF A MEMBER

(1) Death prior to the NORMAL RETIREMENT DATE

Provided the MEMBER is survived by a SPOUSE and/or DEPENDENT CHILD or DEPENDENT CHILDREN no refund is payable in terms of MASTER RULE 7.1(1)(b) of this Part. The pension benefit comprises:

- (a) A SPOUSE'S pension payable to the MEMBER'S SPOUSE.**
- (b) DEPENDENT CHILD'S pension payable to the MEMBER'S DEPENDENT CHILDREN.**

The SPOUSE'S pension and DEPENDENT CHILD'S pension shall be as set out in MASTER RULE 5.4 and MASTER RULE 5.5 of this Part respectively and shall be payable as set out in MASTER RULE 5.6 of this Part.

(2) Death on or after the NORMAL RETIREMENT DATE

If a MEMBER dies whilst in service but after the NORMAL RETIREMENT DATE he shall be deemed to have retired on the first day of the month in which his death occurred and to have commuted the maximum amount of pension available in terms of these MASTER RULES, and the benefits payable in such circumstances shall be paid.

5.2 PENSION PAYABLE ON THE DEATH OF A PENSIONER

- (1) Where the PENSIONER'S death occurs within 60 (sixty) months after his date of retirement, the pension payments due for the remainder of that period in terms of MASTER RULE 5.6 of this Part.**

PLUS (on the expiry of the sixty-month period specified in MASTER RULE 5.2(1) above)

- (2) (a) (i) A SPOUSE'S pension payable to the PENSIONER'S SPOUSE provided that such SPOUSE married the MEMBER prior to his date of retirement.**

- (ii) A DEPENDENT CHILD'S pension payable to the PENSIONER'S DEPENDENT CHILDREN.

The SPOUSE'S pension and DEPENDENT CHILD'S pension shall be as set out in MASTER RULE 5.4 and MASTER RULE 5.5 of this Part respectively and shall be payable as set out in MASTER RULE 5.6 of this Part.

OR

- (b) The pension payable to the MEMBER'S designated dependant where the option in terms of MASTER RULE 6.2(1) of this Part has been elected and MASTER RULE 5.2(2)(a)(i) and MASTER RULE 5.2(2)(a)(ii) above is not applicable, such pension shall be payable as set out in MASTER RULE 5.6 of this Part.

5.3 PENSION PAYABLE ON THE DEATH OF A DEFERRED PENSIONER

- (1) Where a DEFERRED PENSIONER'S death occurs within 60 (sixty) months after his retirement date, the pension payments due for the remainder of that period in terms of MASTER RULE 5.6 of this Part.

PLUS (on the expiry of the 60 (sixty)-month period specified in MASTER RULE 5.3(1) above)

- (2) (a) (i) A SPOUSE'S pension payable to the DEFERRED PENSIONER'S SPOUSE provided that such SPOUSE married the MEMBER prior to his withdrawal from service.
- (ii) A DEPENDENT CHILD'S pension payable to the DEFERRED PENSIONER'S DEPENDENT CHILDREN.

The SPOUSE'S pension and DEPENDENT CHILD'S pension shall be as set out in MASTER RULE 5.4 and MASTER RULE 5.5 of this Part respectively and shall be payable as set out in MASTER RULE 5.6 of this Part.

OR

- (b) The pension payable to the DEFERRED PENSIONER'S designated dependant where the option in terms of MASTER RULE 6.2(1) of this Part has been elected and MASTER RULE 5.3(2)(a)(i) and MASTER RULE 5.3(2)(a)(ii) above is not applicable. Such pension shall be payable as set out in MASTER RULE 5.6 of this Part.

5.4 AMOUNT OF SPOUSE'S PENSION

(1) In respect of a MEMBER

- (a) The SPOUSE'S pension in the event of the MEMBER'S death before retirement prior to the NORMAL RETIREMENT DATE shall be equal to 50% (fifty per cent) of the retirement pension to which the MEMBER would have been entitled at the NORMAL RETIREMENT DATE, calculated in terms of MASTER RULE 6.1(3)(i) of this Part, had he lived and continued working in the service of the PARTICIPATING EMPLOYER under the same conditions until the NORMAL RETIREMENT DATE, assuming no further salary increases would have been received.
- (b) The SPOUSE'S pension in the event of the MEMBER'S death in service after the NORMAL RETIREMENT DATE shall be equal to 50% (fifty per cent) of the retirement pension he would have been receiving had he not commuted any portion thereof.

(2) In respect of a PENSIONER or DEFERRED PENSIONER

The SPOUSE'S pension in the event of the PENSIONER'S or DEFERRED PENSIONER'S death after retirement, shall be equal to 50% (fifty per cent) of the retirement pension the PENSIONER or DEFERRED PENSIONER would have been receiving at the time of his death had he not commuted any portion thereof.

5.5 AMOUNT OF DEPENDENT CHILD'S PENSION

The DEPENDENT CHILD'S pension shall be equal to 1/3rd (one-third) of the SPOUSE'S pension in accordance with MASTER RULE 5.4 of this Part whichever is applicable, for each DEPENDENT CHILD up to a maximum of 3

(three) DEPENDENT CHILDREN at any one time. Where there are more than 3 (three) DEPENDENT CHILDREN, the 3 (three) youngest shall be eligible for the DEPENDENT CHILD'S pension.

Where the SPOUSE'S pension ceases to be payable, or no SPOUSE'S pension is payable, the DEPENDENT CHILD'S pension will be doubled.

5.6 PAYMENT OF SPOUSE'S AND DEPENDENT CHILD'S PENSION

The first monthly payments of the SPOUSE'S and DEPENDENT CHILD'S pension shall be payable on the first day of the calendar month next following the death of the MEMBER, PENSIONER or the DEFERRED PENSIONER, whichever is applicable, except that, in the event of the death of such MEMBER, PENSIONER or DEFERRED PENSIONER within the 60 (sixty)-month period immediately following the date of his retirement the SPOUSE'S and DEPENDENT CHILD'S pension payments shall commence to be payable on the expiry of such 60 (sixty)-month period.

Where the pension being paid to the MEMBER, PENSIONER or DEFERRED PENSIONER at the time of his death is less than the aggregated amount of the SPOUSE'S and DEPENDENT CHILD'S pension, the SPOUSE'S and DEPENDENT CHILD'S pension shall become payable immediately.

The last payment of the SPOUSE'S pension shall be payable on the first day of the calendar month in which the death of the SPOUSE occurs.

The last payment of the DEPENDENT CHILD'S pension shall be payable on the first day of the calendar month next following the date on which the DEPENDENT CHILD ceases to be a DEPENDENT CHILD.

RULE 6: RETIREMENT BENEFITS

6.1. RETIREMENT

- (1) A MEMBER shall be entitled to a retirement benefit on whichever of the following events first occurs -
- (a) his NORMAL RETIREMENT DATE, unless the NORMAL RETIREMENT DATE has been deferred in terms of (e) below;
 - (b) the approval by the PARTICIPATING EMPLOYER of an application by the MEMBER to receive a retirement benefit before the NORMAL RETIREMENT DATE in circumstances other than those in terms of (c) and (d) below provided that the MEMBER is not more than 10 (ten) years younger than the NORMAL RETIREMENT AGE and the PARTICIPATING EMPLOYER notifies the FUND in writing of such approval;
 - (c) the application by the MEMBER to receive a retirement benefit before the NORMAL RETIREMENT DATE due to the ill health of the MEMBER provided that the PARTICIPATING EMPLOYER is satisfied that as a result of such ill health the MEMBER is incapable as result of sickness, accident, injury, or of incapacity through infirmity of body or mind not caused by his own fault, of performing the duties required of a person in the occupation or post in which the MEMBER was employed by his PARTICIPATING EMPLOYER on the last day on which he was present at work;
 - (d) the application by the MEMBER to receive a retirement benefit as a result of the termination of his employment for operational reasons prior to his NORMAL RETIREMENT DATE, as certified by the PARTICIPATING EMPLOYER, provided that the MEMBER is not more than 10 (ten) years younger than the NORMAL RETIREMENT AGE;
 - (e) such date after the NORMAL RETIREMENT DATE elected by the MEMBER provided:
 - (i) the PARTICIPATING EMPLOYER agrees thereto, and

- (ii) the contributions that would otherwise be payable must continue to be payable until retirement.

(2) Deferred pension

An annual pension shall become payable to a DEFERRED PENSIONER at any time or at retirement after attaining age 53 (fifty-three).

(3) Amount of pension

The amount of annual pension payable in respect of any MEMBER who retires shall be equal to

- (i) in respect of retirement at the NORMAL RETIREMENT DATE in terms of MASTER RULE 6.1(1)(a) of this Part,

$$\frac{1}{600} \times N \times AS$$

where N is the number of completed continuous months of PENSIONABLE SERVICE in respect of the MEMBER up to the date of his retirement and AS is the MEMBER'S FINAL AVERAGE SALARY.

Provided that

- (ii) In respect of retirement before the NORMAL RETIREMENT DATE in terms of MASTER RULE 6.1(1)(b) of this Part, the pension shall be calculated in terms of MASTER RULE 6.1(3)(i) above and then reduced by 0,25% (zero comma two five per cent) for each complete month in respect of the period between the early and NORMAL RETIREMENT DATES, save that in consideration of the payment of an additional contribution determined by the ACTUARY, the PARTICIPATING EMPLOYER may direct that a lower or no percentage reduction is to apply.

- (iii) in respect of retirement after the NORMAL RETIREMENT DATE in terms of MASTER RULE 6.1(1)(e) of this Part, the pension shall be calculated in terms of (i) above and then increased by 0,4% (zero comma four per cent) for each complete month in respect of the period between the normal and late retirement dates.

Any pension calculation in terms of this MASTER RULE shall, where additional contributions have been made by the MEMBER in terms of MASTER RULE 2.1(3) of this Part, be adjusted on such basis as determined by the ACTUARY.

(4) Amount of pension of a DEFERRED PENSIONER

The value of the annual pension payable in respect of any DEFERRED PENSIONER at retirement shall be equal to that which can be purchased by the DEFERRED PENSIONER ACCOUNT in respect of that MEMBER.

6.2 OPTIONS ASSOCIATED WITH RETIREMENT

(1) Joint Pension Option

In lieu of the pension to which the MEMBER, who does not have an eligible SPOUSE, is entitled, he may at any time before his retirement, elect a pension that will continue to be payable for as long as he and/or a designated dependant are alive. In this event the pension on his own life will be reduced in accordance with the ages of himself and his designated dependant and the amount of pension to be continued after his death.

(2) Commutation of Pension

A MEMBER may commute for cash so much of the amount (as determined by the ACTUARY) required to provide the pension in terms of MASTER RULE 6.1(3) of this Part as is permitted in the Income Tax Act, No. 58 of 1962 (Act 58 of 1962).

(3) Purchase of Pension

- (a) Other than where a MEMBER elected the option in (b) below, the pension shall be payable in accordance with the provisions of MASTER RULE 4.23 of the General Section.

- (b) A MEMBER may elect to purchase a pension in terms of these MASTER RULES in the form of an annuity from an INSURER chosen by the BENEFICIARY in his name. It is expressly recorded that upon purchase of such pension, the MEMBER shall have no claim of whatsoever nature against the FUND, its service providers and the BOARD for payment of the pension or any other amount arising from the pension purchased and the choice made by the MEMBER in respect of the INSURER.
- (c) The pension so purchased constitutes a benefit payment from the FUND and must,
 - (i) be in the name of the BENEFICIARY;
 - (ii) be compulsory, non-commutable and non-assignable;
 - (iii) be payable for at least the lifetime of the BENEFICIARY;
 - (iv) be in full and final settlement of the benefit due and payable to the BENEFICIARY in terms of the RULES.
- (d) Once the pension is purchased, the liability of the FUND in respect of the BENEFICIARY is transferred to the INSURER and the FUND no longer has any liability to the BENEFICIARY or any person enjoying rights in succession to such BENEFICIARY.

6.3 PAST SERVICE BENEFITS

- (1) The PARTICIPATING EMPLOYER shall have the right to provide a pension for MEMBERS in respect of continuous past service with such PARTICIPATING EMPLOYER or with any other organisation.
- (2) The basis and the extent of the provision of such pension shall be as agreed between the BOARD and the PARTICIPATING EMPLOYER in consultation with the ACTUARY.
- (3) Any pension determined in terms of this MASTER RULE shall be payable in addition to the pension payable in terms of MASTER RULE 6.1 of this Part.

6.4 ADDITIONAL PENSION

A MEMBER'S additional contributions made in terms of MASTER RULE 2.1(3) and/or MASTER RULE 2.5 of this Part will be utilised to increase pension benefits on a basis determined by the ACTUARY in agreement with the PARTICIPATING EMPLOYER,

- (a) by purchasing an additional pension with the aggregate of the past period contributions made by the MEMBER, adjusted by the ACTUARY in respect of INVESTMENT RETURN and expenses incurred in the administration of such contributions, or
- (b) by increasing the period of service to be reckoned as pensionable for the purpose of calculating the MEMBER'S pension in terms of MASTER RULE 6.1(3) of this Part.

Where (a) above applies, an amount determined on the basis specified therein will

- (i) be payable on the MEMBER'S death before retirement, or
- (ii) be applied in terms of MASTER RULE 8 of this Part, where the MEMBER withdraws from service.

It is specifically provided that the additional pension in terms of (a) above shall not be taken into account when determining the SPOUSE'S and DEPENDENT CHILD'S pension in terms of MASTER RULE 5 of this Part.

Where (b) above applies, the provisions applicable to the MEMBER'S own contributions on death before retirement or withdrawal from service shall apply to his additional contributions.

6.5 DEATH OF A RETIRED MEMBER

- (1) Where a MEMBER has retired and dies before a pension has been purchased in accordance with MASTER RULE 6.2(3) of this Part, MASTER RULE 7.4 of this Part will be applicable.

- (2) However, where the Income Tax Act, 1962 (Act 58 of 1962) permits the entire amount be commuted in full, such benefit will be paid to the MEMBER'S estate.

RULE 7: DEATH BENEFITS

7.1 DEATH BEFORE RETIREMENT

(1) If a MEMBER dies before retirement, a death benefit is payable. The death benefit comprises—

- (a) the amount payable in respect of the MEMBER under the RISK POLICY. Such benefit shall be determined annually by the INSURER, and notified to the MEMBERS each year;

PLUS

- (b) where a pension in terms of MASTER RULE 5.1 of this Part is not paid, the MEMBER'S own contributions together with 4% (four per cent) per annum compound interest thereon, or such higher interest rate as may be determined by the BOARD after consultation with the ACTUARY.

It is specifically provided that where the total value of the death benefit capital, as determined by the ACTUARY, payable in terms of this MASTER RULE on the death of a MEMBER with an APPROVED DEPENDANT who had uninterruptedly been a MEMBER since a date prior to 1 July 1986, is less than 5 (five) times his PENSIONABLE SALARY at the date of his death, an additional benefit equal to the amount of the shortfall shall also be payable as set out in MASTER RULE 7.5 of this Part; provided that if such MEMBER leaves a SPOUSE or a DEPENDENT CHILD, his SPOUSE, or, failing SPOUSE, the guardian of his DEPENDENT CHILD(REN), may elect to receive, instead of the benefit in terms of MASTER RULE 5 of this Part, a lump sum equal to 5 (five) times the PENSIONABLE SALARY of the MEMBER at the date of his death plus the cash in terms of (b) above, payable as set out in MASTER RULE 7.5 of this Part.

7.2 DEATH OF A PENSIONER

If a PENSIONER dies after retirement, a lump sum benefit equal to R2000 shall in addition to the benefit in terms of MASTER RULE 5 of this Part be payable. Such benefit will be payable in terms of 7.5 of this Part.

7.3 DEATH OF A DEFERRED PENSIONER

If a DEFERRED PENSIONER dies before the pension in terms of MASTER RULE 8.2(2)(d) of this Part commences to become payable, the cash value of the pension elected on withdrawal from the PARTICIPATING EMPLOYER'S service will be payable. The cash value of such pension shall be determined by the ACTUARY.

7.4 DEATH AFTER RETIREMENT

The benefit amount of a MEMBER referred to in MASTER RULE 7.1 of this Part shall become payable to the BENEFICIARY or BENEFICIARIES as a fully commutable annuity. MASTER RULE 4.13 of the General Section and MASTER RULE 7.5 of this Part will be applied when paying the fully commutable annuity as if it was a benefit payable on the death of the MEMBER, within such time periods as the BOARD deems fit.

7.5 NATURE OF DEATH BENEFIT

(1) Cash

The BOARD may direct that all or part of the death benefit capital payable on death in terms of MASTER RULE 7.1 or MASTER RULE 7.4 of this Part be paid in cash in such manner as directed by the BOARD in accordance with the ACT.

and/or

(2) Pension

The BOARD may direct that a pension be purchased from an INSURER, in the names of the MEMBER'S DEPENDANTS and/or or nominated BENEFICIARY with all or part of the MEMBER'S death benefit capital. A major DEPENDANT or major nominated beneficiary must consent, in writing, to such purchase.

Thereafter, the FUND will have no further liability in respect of a MEMBER'S estate, his DEPENDANTS and/or nominated BENEFICIARY.

RULE 8: WITHDRAWAL BENEFITS

8.1 RIGHT TO A WITHDRAWAL BENEFIT

A MEMBER is entitled to receive a withdrawal benefit -

- (1) when he ceases to be an ELIGIBLE EMPLOYEE; subject to the provisions of MASTER RULE 7.1(2) of the General Section, and
- (2) he is not eligible for any other benefit as described in the MASTER RULES.

8.2 AMOUNT OF WITHDRAWAL BENEFIT

- (1) Where the MEMBER leaves the service of the PARTICIPATING EMPLOYER within the 10 (ten)-year period immediately preceding his NORMAL RETIREMENT DATE, the benefit payable will be the amount that would have been used to purchase a pension from the ANNUITY ACCOUNT in accordance with the provisions of MASTER RULE 4.23 of the General Section as if the MEMBER had retired on the date of his exit. Such benefit must be transferred to an APPROVED PENSION FUND or an APPROVED PROVIDENT FUND or an APPROVED RETIREMENT ANNUITY FUND or an APPROVED PRESERVATION PENSION FUND, subject to the provisions of the ACT.
- (2) Where MASTER RULE 8.2(1) above do not apply and the MEMBER leaves the PARTICIPATING EMPLOYER'S service he will have the following options:
 - (a) A MEMBER shall on withdrawal be entitled to receive a cash sum equal to the aggregate of the contributions he has made together with compound interest thereon up to the date of withdrawal calculated at the rate of 4% (four per cent) per annum, or such higher rate of interest as may be determined by the BOARD from time to time after consultation with the ACTUARY.

An additional percentage of the MEMBER'S benefit in terms of this MASTER RULE (excluding the additional contributions referred to in MASTER RULE 2.1(3) and MASTER RULE 2.5 of this Part) shall

become payable on withdrawal. Such additional percentage shall be determined in accordance with the following scale: -

COMPLETED YEARS OF CONTRIBUTORY SERVICE	ADDITIONAL PERCENTAGE
Less than 5	0
5	20
6	30
7	40
8	50
9	75
10 or more	100

Provided that in respect of a female MEMBER who elected in terms of MASTER RULE 2.1(2) of this Part to contribute at the rate of 5% (five per cent) of PENSIONABLE SALARY, the additional percentage of the MEMBER'S benefit determined in accordance with the above scale shall be enhanced by a further 40% (forty per cent).

- (b) A MEMBER may, elect to request the fund to transfer the entire benefit to -
- (i) an APPROVED PENSION FUND, or
 - (ii) an APPROVED PROVIDENT FUND, or
 - (iii) an APPROVED RETIREMENT ANNUITY FUND, or
 - (iv) an APPROVED PRESERVATION PENSION FUND.

- (c) Subject to the requirements of the REVENUE AUTHORITY, receive part of the withdrawal benefit in cash and request the FUND to transfer the balance in accordance with MASTER RULE 8.2(2)(b) above.
 - (d) in respect of a MEMBER who withdrew prior to 1 November 2002, provided such MEMBER has completed at least 5 (five) years of CONTRIBUTORY SERVICE, elect to receive a deferred pension payable at any time after the attainment of age 53 (fifty-three). The annual amount of such pension shall be calculated in accordance with MASTER RULE 6.1(4) of this Part as if the date of withdrawal was at the date of retirement. The value of such deferred pension as determined by the ACTUARY shall be transferred to the DEFERRED PENSIONER ACCOUNT.
 - (e) If a MEMBER, who has not elected the option in MASTER RULE 8.2(2)(d) above does not claim the cash sum in terms of MASTER RULE 8.2(2)(a) above, such cash sum shall be retained in the MEMBER ACCOUNT and shall only be paid if the BOARD are satisfied that a valid claim has been submitted.
- (4) A MEMBER must notify the FUND of the option he elected in MASTER RULE 8.2(2) above, together with the details of the specific fund (if the option in MASTER RULE 8.2(2)(b) or MASTER RULE 8.2(2)(c) above is elected); within three months of his effective date of withdrawal.
 - (5) Any election made by the MEMBER in terms of 8.2(4) above is irrevocable and the MEMBER is not entitled to any other benefit in terms of the RULES.
 - (6) Where a MEMBER has withdrawn and dies before the payment of his benefit has been made, the entire benefit will be paid to the MEMBER'S estate in cash.

8.3 TRANSFER FROM ONE PARTICIPATING EMPLOYER TO ANOTHER PARTICIPATING EMPLOYER

Notwithstanding the provisions of MASTER RULE 8.1 of this Part, a MEMBER who withdraws from the service of a PARTICIPATING EMPLOYER and joins the

service of another PARTICIPATING EMPLOYER will not be regarded as having withdrawn from service.

On entering the service of a PARTICIPATING EMPLOYER as an ELIGIBLE EMPLOYEE, an employee who was previously a MEMBER under the FUND and who on withdrawal became entitled to a deferred pension in terms of MASTER RULE 8.2(2)(d) of this Part, may in the sole discretion of the PARTICIPATING EMPLOYER whose service he has entered be entitled in lieu of such pension to an additional period of PENSIONABLE SERVICE for the purposes of MASTER RULE 6.1(2) of this Part not exceeding that in respect of which the deferred pension arose. The PARTICIPATING EMPLOYER aforesaid may, on the advice of the ACTUARY, require the employee to make additional contributions in respect of this benefit, in which event such additional employee contributions shall be treated in all respects as if they had been made in terms of MASTER RULE 2.1 of this Part.

8.4 INDIVIDUAL MEMBERS

Notwithstanding anything to the contrary contained in this MASTER RULE, the BOARD may at their discretion permit a withdrawing MEMBER to continue paying contributions which will be applied in terms of the MASTER RULES of Part II thereafter, in which event the MEMBER shall be termed an INDIVIDUAL MEMBER. The BOARD may also permit the INDIVIDUAL MEMBER'S PARTICIPATING EMPLOYER to pay contributions in respect of him, which will be applied in terms of the MASTER RULES of Part II. The provisions relating to such contributions, and the benefits to which the INDIVIDUAL MEMBER shall be entitled, shall be set out in a letter addressed to the INDIVIDUAL MEMBER by the BOARD, provided however that the benefit upon retirement shall be a pension of which a portion may be commuted in accordance with applicable legislation.

8.5 OPTION IN RESPECT OF A DEFERRED PENSIONER

A MEMBER who has become a DEFERRED PENSIONER in terms of MASTER RULE 8.2(2)(d) of this Part and who is under the age of 53 (fifty-three), shall have a once-off option to:

- (1) receive the value of his deferred benefit in cash, or

- (2) transfer his deferred benefit as calculated in terms of MASTER RULE 8.2(2) of this Part to an APPROVED PENSION FUND, APPROVED PROVIDENT FUND, APPROVED PRESERVATION PENSION FUND or to an APPROVED RETIREMENT ANNUITY FUND.

Any option elected in terms of this MASTER RULE shall be irrevocable.

PART II

PART II - APPLICABLE IN RESPECT OF DEFINED CONTRIBUTION BENEFITS

Definitions defined in this Part and reference thereto shall be construed as having reference to this Part and the General Section only; provided that any specific reference to Part II shall be construed as a reference to Part II.

Any reference in this Part to "MASTER RULES", "RULES" and "SPECIAL RULES" shall be construed as having reference to this Part and the General Section only; provided that any specific reference to Part I shall be construed as a reference to Part I.

RULE 1: DEFINITIONS

BANK INTEREST means interest at the same rate applicable to the FUND'S BANK ACCOUNT.

DATE OF COMMENCEMENT means 1 January 1985.

DATE OF PAYMENT means the date on which the final benefit is paid to or in respect of a MEMBER or BENEFICIARY.

ELIGIBLE EMPLOYEE means an employee who

- (a) is on the permanent staff of the PARTICIPATING EMPLOYER, or is employed on a contract basis for at least a 12 (twelve)-month period in terms of an employment contract; and
- (b) does not participate in Part I of the RULES; and
- (c) falls within the eligibility categories specified by his PARTICIPATING EMPLOYER.

Where a PARTICIPATING EMPLOYER amends his specification of eligible categories or the MEMBER transfers to the service of another PARTICIPATING EMPLOYER whose specification of eligible categories exclude such MEMBER from being recognised as an eligible employee, such employee shall continue to be recognised as an eligible employee.

INDIVIDUAL MEMBER means an individual member in terms of MASTER RULE 7.4 of this Part.

INVESTMENT RESERVE ACCOUNT means an account kept by the FUND in terms of MASTER RULE 4.2(1) of this Part.

RULE 2: CONTRIBUTIONS

2.1 MEMBER CONTRIBUTIONS

- (1) Each MEMBER must contribute in respect of each calendar month of membership of the FUND at the rate specified in the SPECIAL RULES, which may not be less than 5% (five per cent) of 1/12th (one-twelfth) of the MEMBER'S PENSIONABLE SALARY. The contribution must be credited to the MEMBER ACCOUNT when it is received by the FUND.
- (2) A MEMBER may contribute such additional voluntary amounts as he may decide to be applied towards retirement funding.
- (3) Provided that it is specified in the SPECIAL RULES, a MEMBER'S or group of MEMBERS' contribution rate to the FUND may be 0% (zero per cent) where such MEMBER'S or group of MEMBERS' PENSIONABLE SALARY/PENSIONABLE SALARIES is/are determined on a total cost to company and provided that the PARTICIPATING EMPLOYER contributes at a rate of 10% (ten per cent) or more.

2.2 CONTRIBUTIONS BY PARTICIPATING EMPLOYER

- (1) The PARTICIPATING EMPLOYER must contribute to the FUND in respect of each month of membership of each MEMBER at the rate specified in the SPECIAL RULES and, which may not be less than
 - (a) 5% (five per cent) of 1/12th (one-twelfth) of each MEMBER'S PENSIONABLE SALARY in respect of a PARTICIPATING EMPLOYER who joined the FUND prior to 1 January 2007; and
 - (b) 4% (four per cent) of 1/12th (one-twelfth) of each MEMBER'S PENSIONABLE SALARY in respect of a PARTICIPATING EMPLOYER who joined the FUND on or after 1 January 2007.

The total contribution must be credited to the MEMBER ACCOUNT when the contribution is received by the FUND.

- (2) The SPECIAL RULES must specify that the total contribution in terms of MASTER RULE 2.2(1) above include the following:

- (a) A pro-rata amount to cover the administration costs (inclusive of value-added tax) in respect of each MEMBER.
- (b) An amount equal to the following percentages to cover the premium payments:
 - (i) in respect of the RISK BENEFIT, an amount not exceeding 0,55% (zero comma five-five per cent);
 - (ii) in respect of an additional death benefit, an amount not exceeding 1,00% (one per cent);
 - (iii) in respect of the PARTICIPATING EMPLOYER who elects to participate in the DISABILITY INCOME PLAN, an amount not exceeding 0,75% (zero comma seven five per cent);
 - (iv) due by a PARTICIPATING EMPLOYER in respect of a separate funeral arrangement which provides benefits for the MEMBERS in terms of a separate policy issued by an INSURER to the PARTICIPATING EMPLOYER,

of 1/12th (one twelfth) of the each MEMBER'S PENSIONABLE SALARY.

- (3) Should the aggregate of the amounts due in MASTER RULE 2.2(2)(a) and MASTER RULE 2.2(2)(b) above -
 - (a) exceed the contribution made by the PARTICIPATING EMPLOYER in terms of MASTER RULE 2.2(1) above the shortfall will be dealt with in such manner as the BOARD, in consultation with the PARTICIPATING EMPLOYER and the ACTUARY, may decide;
 - (b) be less than the contribution made by the EMPLOYER in terms of MASTER RULE 2.2(1) above, the excess will be credited to the MEMBER'S MEMBER ACCOUNT.
- (4) If there is a PARTICIPATING EMPLOYER SURPLUS ACCOUNT, then the PARTICIPATING EMPLOYER may request the BOARD to debit such account in respect of any amount which the PARTICIPATING EMPLOYER

is in terms of this MASTER RULE of this Part required to pay to the FUND as a contribution or otherwise, for any period of time fixed by the PARTICIPATING EMPLOYER or, if earlier, until the amount to the credit of such account has been exhausted, subject to Section 15E of the ACT. Such amount must be credited to the relevant accounts.

- (5) A PARTICIPATING EMPLOYER may make any additional contribution to be credited to the PARTICIPATING EMPLOYER SURPLUS ACCOUNT on the understanding that this may or may not be tax deductible in its hands depending on any requirement of the REVENUE AUTHORITY.
- (6) Any contribution made in terms of MASTER RULE 2.(2)(5) above may be made with the express purpose of augmenting the benefits payable in terms of MASTER RULE 5, 6, and 7 of this Part, subject to Section 15E of the ACT.
- (7) A PARTICIPATING EMPLOYER may make any additional contribution to be credited to the MEMBER ACCOUNT of the MEMBER on the understanding that this may or may not be tax deductible in the hands of the PARTICIPATING EMPLOYER depending on any requirement of the REVENUE AUTHORITY.
- (8) It is specifically provided that the terms and conditions relating to the premiums and the payment of benefits provided in terms of the DISABILITY INCOME PLAN and the funeral arrangement (not FUND benefits but benefits which are promised to each MEMBER by the PARTICIPATING EMPLOYER), are set out in the policy issued by the INSURER with whom such benefits have been insured. Accordingly the FUND is not liable for payment of any benefits provided by the DISABILITY INCOME PLAN or funeral arrangement.

2.3 PAYMENT OF CONTRIBUTIONS

- The PARTICIPATING EMPLOYER must pay contributions for and behalf of the MEMBERS to the FUND within a period of 7 (seven) days from the end of the calendar month to which such contributions relate. The payment of contributions is regulated under the ACT.

2.4 AMOUNTS TRANSFERRED TO THE FUND FROM OTHER FUNDS

- (1) Subject to the approval of the REGISTRAR in terms of Section 14 and Section 15E of the ACT, any amount relating to the transfer of business of a MEMBER, or any balance in an employer surplus account in any APPROVED PENSION FUND or APPROVED PROVIDENT FUND may be transferred to the FUND.

 - (a) The MEMBER'S TOTAL TRANSFER CREDIT must be allocated amongst such of the accounts of the FUND as specified in terms of the application in terms of Section 14 or Section 15E of the ACT as approved by the REGISTRAR, when it has been received by the FUND.
 - (b) Where the Section 14 or Section 15E application referred to in (a) above does not set out how the MEMBER'S TOTAL TRANSFER CREDIT transferred to the FUND is to be allocated amongst any accounts, such amount must be credited to the MEMBER ACCOUNT of the MEMBER concerned when it has been received by the FUND.
- (2) Any amount relating to the membership of a MEMBER in any APPROVED PRESERVATION PENSION FUND or APPROVED PRESERVATION PROVIDENT FUND, may, provided the BOARD agrees thereto and subject to any requirements of the REVENUE AUTHORITY, be paid to the FUND. Any such amount must be credited to the MEMBER ACCOUNT of the MEMBER concerned when it has been received by the FUND.

RULE 3: SPECIAL TRANSFERS TO PART I

3.1 TRANSFERS TO PART I

A MEMBER may, subject to prior consent of the PARTICIPATING EMPLOYER and the BOARD, and provided that the PARTICIPATING EMPLOYER is participating in Part I transfer from this Part to Part I. Service in terms of this Part will be recognised as past service in terms of Part I on a basis determined by the BOARD after consultation with the ACTUARY.

RULE 4: FINANCIAL PROVISIONS

4.1 ACCOUNTS

The FUND must keep the accounts as set out in MASTER RULE 4.2 and 4.3 of this Part for the administration of the FUND. The BOARD may establish any other accounts as it deems appropriate from time to time provided that any account at FUND level need not be established at SUB-FUND level unless the BOARD considers it necessary or desirable.

The following accounts are kept at FUND level:

- (a) INVESTMENT RESERVE ACCOUNT.

The following ACCOUNTS are kept at SUB-FUND level:

- (b) MEMBER ACCOUNT; and
- (c) PARTICIPATING EMPLOYER SURPLUS ACCOUNT.

4.2 FUND LEVEL ACCOUNTS

(1) INVESTMENT RESERVE ACCOUNT

The following debits and credits are recorded in the INVESTMENT RESERVE ACCOUNT:

(a) DEBITS

(b) CREDITS

(i) Amounts transferred to the MAIN ACCOUNT as determined by the BOARD in consultation with the ACTUARY from time to time.	(i) Positive INVESTMENT RETURN.
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(ii) Investment fees payable to the INVESTMENT PROVIDER.	(ii) Amounts received for the payment of investment fees and any other expenses related to the investments, either payable to the INVESTMENT PROVIDER or an external party, where applicable.
(iii) Negative INVESTMENT RETURN.	(iii) Any payments or transfers from the PARTICIPATING EMPLOYER SURPLUS ACCOUNT in this Part.
(iv) Any amount transferred to a MEMBER ACCOUNT in this Part as determined by the BOARD in consultation with the ACTUARY, in terms of Section 15G of the ACT.	(iv) Amounts payable by a PARTICIPATING EMPLOYER in respect of penalties levied in accordance with Section 13A of the ACT on the late payment of contributions to the FUND.
(v) Any amount levied in accordance with Section 13A of the ACT on the late payment of contributions to the FUND, and not received by the FUND, to be written off as an expense of the FUND, as determined by the BOARD in consultation with the ACTUARY.	

(vi) Any amount transferred to a MEMBER ACCOUNT in this Part in respect of penalties received in accordance with Section 13A of the ACT on the late payment of contributions to the FUND, for the MEMBER concerned.	
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4.3 SUB-FUND LEVEL ACCOUNTS

(1) MEMBER ACCOUNT

The following debits and credits are recorded in the MEMBER ACCOUNT:

(a) DEBITS

(b) CREDITS

(i) Any amount commuted on retirement.	(i) Contributions in terms of MASTER RULE 2.1 or 2.2(7) of this Part.
(ii) The amount of any pension transferred to the ANNUITY ACCOUNT in terms of MASTER RULE 5.4(1) of this Part or the cost of any pension purchased on retirement, paid to the INSURER in terms of MASTER RULE 5.4(2) of this Part (as the case may be).	(ii) Amounts transferred in terms of MASTER RULE 2.4(1) and 2.4(2) of this Part if applicable.
(iii) Any withdrawal payment under MASTER RULE 7 of this Part.	(iii) The balance of the total contribution referred to in MASTER RULE 2.2(1) of this Part less the amounts

	in MASTER RULE 2.2(2) of this Part.
(iv) The benefit payable on the death of a MEMBER under MASTER RULE 6 of this Part.	(iv) Any amounts transferred from the PARTICIPATING EMPLOYER SURPLUS ACCOUNT in terms of MASTER RULE 2.2(4) or 2.2(6) of this Part.
(v) Any amount payable to the UNCLAIMED BENEFITS ACCOUNT.	(v) Positive INVESTMENT RETURN.
(vi) Negative INVESTMENT RETURN.	(vi) Any amount transferred in terms of MASTER RULE 2.2(3)(b) of this Part.
(vii) Any fees, disbursements, levies or expenses payable by the FUND, which have not been deducted by an INVESTMENT PROVIDER when determining the UNIT price.	(vii) Accrued past service liability in respect of a Part I transfer transferred from the MEMBER ACCOUNT in Part I.
(viii) The balance in the MEMBER ACCOUNT in respect of a transfer to Part I in terms of MASTER RULE 3 of this Part.	(viii) Contributions payable by the INSURER towards retirement funding in respect of a MEMBER who is in receipt of a disability income benefit.

(ix) Ex-gratia pension payments transferred to the ANNUITY ACCOUNT.	
(x) Additional pension increases transferred to the ANNUITY ACCOUNT.	

(2) PARTICIPATING EMPLOYER SURPLUS ACCOUNT

The PARTICIPATING EMPLOYER SURPLUS ACCOUNT is established in terms of Section 15E of the ACT. The following debits and credits are recorded in the PARTICIPATING EMPLOYER SURPLUS ACCOUNT:

(a) DEBITS

(b) CREDITS

(i) Any payments or transfers to a PARTICIPATING EMPLOYER SURPLUS ACCOUNT in Part I relating to a PARTICIPATING EMPLOYER as determined by the BOARD in consultation with the ACTUARY.	(i) Any amount transferred from the PARTICIPATING EMPLOYER SURPLUS ACCOUNT in Part I relating to a PARTICIPATING EMPLOYER.
(ii) Any payments, transfers to any other account in the FUND, or transfer to another fund, at the request of the PARTICIPATING EMPLOYER, as resolved by the BOARD from time to time subject to Section 15E of the ACT.	(ii) Any amount transferred in terms of MASTER RULE 2.4(1)(a) of this Part.

<p>(iii) Any amounts transferred to the MEMBER ACCOUNT of this Part in terms of MASTER RULE 2.2(4) or 2.2(6) of this Part.</p>	<p>(iii) Any amount transferred into this FUND from an employer surplus account in another fund in which the PARTICIPATING EMPLOYER participates in terms of Section 15E of the ACT.</p>
<p>(iv) Negative INVESTMENT RETURN.</p>	<p>(iv) Positive INVESTMENT RETURN.</p>
<p>(v) Any amount transferred to a MEMBER ACCOUNT in this Part as determined by the BOARD in consultation with the ACTUARY.</p>	<p>(v) Any contribution to the FUND made by the PARTICIPATING EMPLOYER in terms of MASTER RULE 2.2(5) of this Part.</p>
<p>(vi) Any amount required to fund a deficit arising under the FUND in accordance with the provisions of Section 15H of the ACT.</p>	

RULE 5: RETIREMENT BENEFITS

5.1 RETIREMENT

A MEMBER shall be entitled to a retirement benefit on whichever of the following events first occurs -

- (1) his NORMAL RETIREMENT DATE, unless the NORMAL RETIREMENT DATE has been deferred in terms of (5) below;
- (2) the approval by the PARTICIPATING EMPLOYER of an application by the MEMBER to receive a retirement benefit before the NORMAL RETIREMENT DATE in circumstances other than those in terms of MASTER RULE 5.1(3) and MASTER RULE 5.1(4) below provided that the MEMBER is not more than 10 (ten) years younger than the NORMAL RETIREMENT AGE, and the PARTICIPATING EMPLOYER notifies the FUND in writing of such approval;

Notwithstanding the provisions of the MASTER RULE above, a MEMBER may elect instead of retiring in terms of this MASTER RULE, to withdraw from the FUND in terms of MASTER RULE 7 of this Part. The MEMBER'S election must be in writing and is irrevocable.

- (3) the application by the MEMBER to receive a retirement benefit before the NORMAL RETIREMENT DATE due to the ill health of the MEMBER provided that the PARTICIPATING EMPLOYER is satisfied that as a result of such ill health the MEMBER is incapable, as a result of infirmity of body or mind, of performing the duties required of a person in the occupation or post in which the MEMBER was employed by his PARTICIPATING EMPLOYER on the last day on which he was present at work;
- (4) the application by the MEMBER to receive a retirement benefit as a result of the termination of his employment for operational reasons prior to his NORMAL RETIREMENT DATE, as certified by the PARTICIPATING EMPLOYER, provided that the MEMBER is not more than 10 (ten) years younger than the NORMAL RETIREMENT AGE;

(5) such date after the NORMAL RETIREMENT DATE elected by the MEMBER provided:

(a) the PARTICIPATING EMPLOYER agrees thereto; and

(b) the contributions that would otherwise be payable must continue to be payable until retirement.

5.2 BENEFIT ON RETIREMENT

A MEMBER receives a pension on retirement. The amount of the pension is that which can be purchased with the balance of the MEMBER'S ACCOUNT at the DATE OF PAYMENT, after allowing for any amounts commuted for cash in terms of MASTER RULE 5.3 of this Part.

5.3 COMMUTATION

- (1) On retirement a MEMBER may commute for cash so much of the pension secured by the balance of the MEMBER'S ACCOUNT as applicable and as is permitted by the REVENUE AUTHORITY, at the DATE OF PAYMENT.
- (2) If the REVENUE AUTHORITY permits the entire pension secured as referred to in MASTER RULE 5.3(1) above to be paid in cash and the MEMBER elects to receive the entire amount on retirement in cash, the MEMBER upon such payment to him ceases to be a MEMBER and the FUND no longer has any liability to the MEMBER or any person enjoying rights in succession to such MEMBER.

5.4 PURCHASE OF PENSION

- (1) Other than where a MEMBER elected the option in MASTER RULE 5.4(2) below the pension shall be payable in accordance with the provisions of MASTER RULE 4.23 of the General Section.
- (2) A MEMBER may elect to purchase a pension in terms of these MASTER RULES in the form of an annuity from an INSURER chosen by the BENEFICIARY in his name. Where the MEMBER has not chosen an INSURER within such period as specified by the BOARD or where the MEMBER notifies the FUND that he wishes to purchase the default annuity

as specified by the BOARD, the FUND shall purchase a pension from an INSURER selected by and on such basis as determined by the BOARD. It is expressly recorded that upon purchase of such pension, the MEMBER shall have no claim of whatsoever nature against the FUND, its service providers and the BOARD for payment of the pension or any other amount arising from the pension purchased and the choice made by the MEMBER in respect of the INSURER.

- (3) The pension so purchased constitutes a benefit payment from the FUND and must,
 - (i) be in the name of the BENEFICIARY;
 - (ii) be compulsory, non-commutable and non-assignable;
 - (iii) be payable at least for the lifetime of the BENEFICIARY;
 - (iv) be in full and final settlement of the benefit due and payable to the BENEFICIARY in terms of the RULES.
- (4) Once the pension is purchased, the liability of the FUND in respect of the MEMBER is transferred to the INSURER with the result that the MEMBER thereupon ceases to be a MEMBER of the FUND and the FUND no longer has any liability to the MEMBER or any person enjoying rights in succession to such MEMBER.

5.5 DEATH OF A RETIRED MEMBER

- (1) Where a MEMBER has retired and dies before a pension has been purchased in accordance with MASTER RULE 5.4 of this Part, MASTER RULE 6.2 of this Part will be applicable.
- (2) However, where the Income Tax Act, 1962 (Act 58 of 1962) permits the entire retirement benefit to be commuted in full, such benefit will be paid to the MEMBER'S estate in cash.

RULE 6: DEATH BENEFITS

6.1 DEATH BEFORE NORMAL RETIREMENT AGE

- (1) If a MEMBER dies before retirement, a death benefit is payable. The death benefit comprises the balance in the MEMBER ACCOUNT at the DATE OF PAYMENT, which includes the amount paid in terms of the RISK POLICY.
- (2) It is specifically provided that where the total value of the death benefit capital, as determined by the ACTUARY, payable in terms of this MASTER RULE on the death of a MEMBER with an APPROVED DEPENDANT who had uninterruptedly been a MEMBER since a date prior to 1 July 1986, is less than 5 (five) times his PENSIONABLE SALARY at the date of his death, an additional benefit equal to the amount of the shortfall will also be payable as set out in MASTER RULE 6.3 of this Part; provided that such MEMBER leaves a SPOUSE or DEPENDENT CHILD, his SPOUSE, or, failing a SPOUSE, the guardian of his DEPENDENT CHILD(REN), a lump sum equal to 5 (five) times the PENSIONABLE SALARY of the MEMBER at the date of his death plus the cash in terms of MASTER RULE 6.1(1) above is payable as set out in MASTER RULE 6.3 of this Part.

6.2 DEATH AFTER RETIREMENT

The benefit amount of a MEMBER referred to in MASTER RULE 6.1 of this Part shall become payable to the BENEFICIARY or BENEFICIARIES as a fully commutable annuity. MASTER RULE 4.13 of the General Section and MASTER RULE 6.3 of this Part will be applied when paying the fully commutable annuity as if it was a benefit payable on death of the MEMBER, within such time periods as the BOARD deems fit.

6.3 PAYMENT OF DEATH BENEFIT

- (1) Cash

The BOARD may direct that all or part of the death benefit capital set out in MASTER RULE 6.1 or 6.2 of this Part be paid in cash in such manner as directed by the BOARD in accordance with the ACT,

and/or

(2) Pension

The BOARD may direct that a pension be purchased from an INSURER on the same terms as set out in the MASTER RULE 5.4(2) of this Part with all or part of the MEMBER'S death benefit. A major DEPENDANT or major nominated BENEFICIARY must consent, in writing, to such purchase.

RULE 7: WITHDRAWAL BENEFIT

7.1 RIGHT TO A WITHDRAWAL BENEFIT

A MEMBER is entitled to receive a withdrawal benefit -

- (1) when he ceases to be an ELIGIBLE EMPLOYEE for reasons which are not elsewhere dealt with in these MASTER RULES and the PARTICIPATING EMPLOYER notifies the FUND that he is no longer eligible; and
- (2) when he is not eligible for any other benefit as described in the RULES.

7.2 AMOUNT OF WITHDRAWAL BENEFIT

The withdrawal benefit of a MEMBER is the balance in the MEMBER'S ACCOUNT at the DATE OF PAYMENT.

7.3 PAYMENT OF WITHDRAWAL BENEFIT

- (1) A MEMBER may elect to:
 - (a) to receive the entire withdrawal benefit as cash; or
 - (b) to request the FUND to transfer the entire benefit to -
 - (i) an APPROVED PENSION FUND; or
 - (ii) an APPROVED PROVIDENT FUND; or
 - (iii) an APPROVED RETIREMENT ANNUITY FUND; or
 - (iv) an APPROVED PRESERVATION PENSION FUND.
 - (c) subject to the requirements of the REVENUE AUTHORITY, receive part of the withdrawal benefit in cash and request the FUND to transfer the balance in accordance with (b) above.
- (2) A MEMBER must notify the FUND of the choice elected in terms of MASTER RULE 7.3(1) above together with the details of the specific fund (if the option in MASTER RULE 7.3(1)(b) is elected), within 3 (three) months of his effective date of withdrawal.

- (3) The choice elected by the MEMBER in terms hereof is irrevocable and the MEMBER is not entitled to any other benefits in terms of the RULES.
- (4) Where a MEMBER has withdrawn and dies before payment of his benefit is made, the entire benefit will be paid to the MEMBER'S estate in cash.

7.4 INDIVIDUAL MEMBERS

Notwithstanding anything to the contrary in this MASTER RULE, the BOARD may at their discretion permit a withdrawing MEMBER to continue paying contributions to the FUND thereafter, in which event the MEMBER is termed an INDIVIDUAL MEMBER. The BOARD may also permit the INDIVIDUAL MEMBER'S PARTICIPATING EMPLOYER to pay contributions to the FUND in respect of such INDIVIDUAL MEMBER. The provisions relating to such contributions must be set out in a letter addressed to the INDIVIDUAL MEMBER by the BOARD, provided however that the benefit upon retirement is a pension of which a portion may be commuted in accordance with applicable legislation.

7.5 TRANSFER FROM ONE PARTICIPATING EMPLOYER TO ANOTHER PARTICIPATING EMPLOYER

Notwithstanding the provisions of MASTER RULE 7.1 of this Part, a MEMBER who withdraws from the service of a PARTICIPATING EMPLOYER and joins the service of another PARTICIPATING EMPLOYER will not be regarded as having withdrawn from service.