

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

(Fund Registration No: 12/8/11388/1 and SARS Approval No: 16/20/4/006603)

5074

RESOLUTION OF THE BOARD OF INDEPENDENT SCHOOLS ASSOCIATION OF  
SOUTHERN AFRICA PENSION FUND

PASSED AT SANDTON ON THE 20<sup>th</sup> DAY OF APRIL 2010

RESOLVED THAT the rules of the FUND be replaced by the attached rules as the official Rules of the FUND.

The reasons for the revised Rules are:

1. to allow for the introduction of individual investment options for MEMBERS in respect of Part II;
2. to change the registered address of the FUND;
3. to incorporate all the amendments made to the FUND up to and including amendment 8;
4. to allow for the change in the method of operation of the FUND by the ADMINISTRATOR;
5. to redraft the Rules to comply with the new legislative and market environment.

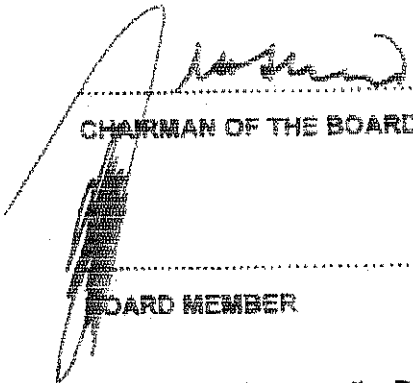
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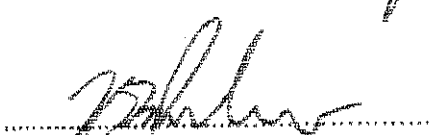
Resolution

50741/SM  
1 September 2008

# CERTIFICATION

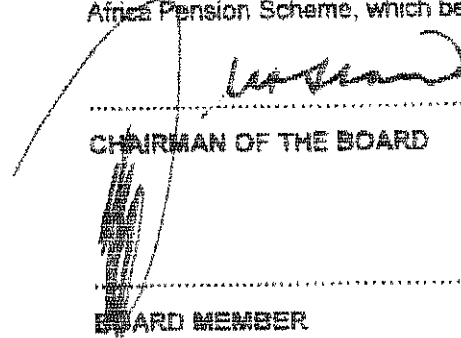
Certified that the Resolution, in terms of which the Rules have been accepted, as passed by the BOARD on the 20<sup>th</sup> day of April 2010 has been adopted in accordance with the provisions of the Rules of the FUND.

  
CHAIRMAN OF THE BOARD

  
PRINCIPAL OFFICER

  
BOARD MEMBER

Certified that these are the Rules of the Independent Schools Association of Southern Africa Pension Scheme, which became effective on 1 September 2008.

  
CHAIRMAN OF THE BOARD

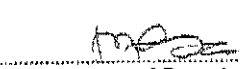
  
PRINCIPAL OFFICER

  
BOARD MEMBER

REGISTERED BY ME ON THIS THE

09

DAY OF JUNE 2011

  
(Registrar of Pension Funds)

I hereby certify that the FUND remains financially sound and the registration of these revised Rules.

  
ACTUARY

12 April 2010  
DATE

Certification

50741/SM  
1 September 2008

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## GENERAL SECTION

The definitions and the 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 RULES.

## **RULE 1: DEFINITIONS AND INTERPRETATIONS**

In these RULES, unless the context indicates otherwise:

- The General Section contains common definitions and/or RULES that are applicable to the General Section, Part I and/or 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).

**ACCOUNT** means an account as set out in these RULES.

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

**ACTUARY** means an actuary, as defined in the ACT, appointed by the BOARD in terms of MASTER RULE 3.17(2)(c) 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 under the ACT.

**ADMINISTRATOR** means the administrator appointed by the BOARD in terms of MASTER RULE 3.17(2)(a) to administer the benefits of the FUND.

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Definitions and Interpretations

**ANNUITY ACCOUNT** means the ACCOUNT kept by the FUND in terms of MASTER RULE 7.2(2).

**APPROVED PENSION FUND** means a fund approved as a pension fund by the REVENUE AUTHORITY but shall exclude an APPROVED PRESERVATION PENSION FUND.

**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 but shall exclude an APPROVED PRESERVATION PROVIDENT FUND.

**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) and whose appointment has been approved by the REGISTRAR.

**BANK ACCOUNT** means an account in the name of the ADMINISTRATOR with a bank as defined in the Banks Act, 1990, or a mutual bank as defined in the Mutual Banks Act, 1993, but dedicated to the business of the FUND.

**BENEFICIARY** means any person (including a MEMBER) who is or becomes entitled to the payment of a benefit under these RULES.

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

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

**COMPLAINANT** means a complainant as defined in the ACT.

**DEPENDANT** means a dependant as defined in the ACT.

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Definitions and Interpretations

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

**EXIT NOTIFICATION** means notification by the PARTICIPATING EMPLOYER to the ADMINISTRATOR, when a MEMBER retires, dies, is disabled, withdraws from service or is retrenched.

**FINANCIAL YEAR** means a period of 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 PROVIDER** means a person or company registered as an asset manager, INSURER or INVESTMENT PROVIDER with the Financial Services Board, appointed by the BOARD under a written mandate to invest and administer any assets of the FUNDS in an INVESTMENT PORTFOLIO.

**ISASA** means Independent Schools Association of Southern Africa.

**MAIN ACCOUNT** means the ACCOUNT maintained in terms of MASTER RULE 7.2(1).

**MASTER RULES** means the rules of the FUND applicable to all PARTICIPATING EMPLOYERS and all MEMBERS, as distinct from the SPECIAL RULES.

**MEMBER** means an ELIGIBLE EMPLOYEE whose membership of the FUND has been recorded by the FUND in terms of MASTER RULE 5.2.

**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.

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Definitions and Interpretations

**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.

**PARTICIPATION DATE** means the date as determined by the FUND as set out in the **SPECIAL RULES**.

**PENSIONABLE SALARY** means the basic annual salary or wage of a MEMBER including such other amounts as determined by the **PARTICIPATING EMPLOYER** in agreement with the **BOARD** and advised to the FUND.

**PENSIONER** means a retired MEMBER and in respect of Part I a **DEFERRED PENSIONER**, who is in receipt of a pension.

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

**PREVIOUS FUND** means the fund in which the **PARTICIPATING EMPLOYER** participated prior to the **PARTICIPATION DATE** (if any).

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

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

**REGISTRAR** means the Registrar as defined in the ACT.

**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 in terms of the **SPECIAL RULES**.

**RISK POLICY** means a **POLICY OF INSURANCE** issued by a **RISK PROVIDER** to the FUND in respect of MEMBERS in terms of these **RULES**.

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

**RESERVE ACCOUNT** means each of the **RESERVE ACCOUNTS** kept by the FUND in terms of **MASTER RULE 4.1** of Part I and **MASTER RULE 5.2** of Part II.

**RULES** mean the MASTER RULES and the SPECIAL RULES collectively.

**SPECIAL RULES** means the rules separate from the MASTER RULES issued in respect of each PARTICIPATING EMPLOYER that set out certain additional terms and conditions, and limitations on or additions to the benefits of membership, of each MEMBER in the service of that PARTICIPATING EMPLOYER, as well as any additional terms and conditions of the participation of that PARTICIPATING EMPLOYER in the FUND. It is specifically provided that all registered SPECIAL RULES as at 1 September 2008 will continue to be regarded as the SPECIAL RULES of the PARTICIPATING EMPLOYER concerned.

**SUB-FUND** means, in respect of each PARTICIPATING EMPLOYER, the liability of the FUND to the MEMBERS employed by that PARTICIPATING EMPLOYER, and the balance in the PARTICIPATING EMPLOYER SURPLUS ACCOUNT, if any, depending on the context, and the corresponding assets.

**TERMINATION DATE** means,

- (a) when the FUND is liquidated in terms of MASTER RULE 6.1, the liquidation date in terms of MASTER RULE 6.1(3);
- (b) when a SUB-FUND is liquidated in terms of MASTER RULE 6.2, the liquidation date in terms of MASTER RULE 6.2(2);
- (c) when a SUB-FUND transfers to another fund in terms of MASTER RULE 6.3, 6.4 or 6.5 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 in terms of Sections 14, 15B or 15E of the ACT.

**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 7.2(3).

## **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 pension fund part and a defined contribution pension fund part.

### **2.2 OBJECTIVES OF THE FUND**

The objective of the FUND is

- (1) to provide benefits to a MEMBER on retirement or withdrawal; and
- (2) to provide benefits to the DEPENDANTS and nominees of a MEMBER in the event of the death of the MEMBER.

### **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 and dispose of property, as long as it consists of claims against one or more INSURERS;
- (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 objectives and to carry out its functions and duties.

## **2.5 RULES**

These RULES apply to all PARTICIPATING EMPLOYERS and all MEMBERS.

The benefits and special conditions applicable to each PARTICIPATING EMPLOYER and the MEMBERS in its employ, are selected by the PARTICIPATING EMPLOYER and are set out in the SPECIAL RULES for its enrolled MEMBERS.

### **RULE 3: MANAGEMENT OF THE FUND**

#### **3.1 OBJECTIVES 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 RULES.

#### **3.2 COMPOSITION OF THE BOARD**

##### **(1) BOARD MEMBERS**

- (a) The BOARD must consist of at least eleven BOARD MEMBERS.
- (b) In addition, the BOARD may appoint a group of up to 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 eleven BOARD MEMBERS, six shall be elected by the MEMBERS in the following way:
  - (i) one BOARD MEMBER each to represent the Regions as defined by ISASA, and
  - (ii) one BOARD MEMBER to represent PENSIONERS under the FUND.
- (d) The remaining five BOARD MEMBERS shall represent the PARTICIPATING EMPLOYERS and are appointed in the following way:
  - (i) ISASA shall appoint three BOARD MEMBERS,
  - (ii) SAHISA (Southern Africa Head of Independent Schools Association) shall appoint one BOARD MEMBER, and
  - (iii) SABISA (Southern Africa Bursars of Independent Schools Association) shall appoint one BOARD MEMBER.

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

**(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 a Chair from one of the group of independent consultants referred to in MASTER RULE 3.2(1)(b) 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 any procedure determined by the BOARD from time to time.
- (2) To ensure continuity on the BOARD, there shall be a regional election of the representative BOARD MEMBERS set out MASTER RULE 3.2(1)(c)(i) and MASTER RULE 3.2(1)(c)(ii), on a rotating basis as follows:

PENSIONERS under the FUND and South East Region: Eastern Cape, January 2009 and every three years thereafter, (10)

North East Region: Limpopo/Mpumulanga, Central Region: Gauteng/Free-State/North West/Northern Cape, January 2010 and every three years thereafter, (13)

South West Region: Western Cape and Kwazulu-Natal Region, January 2011 and every three years thereafter, etc. (14)

### 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 referred to in MASTER RULE 3.5(1), 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, a BOARD MEMBER shall hold office for a period of three years.
- (b) On expiry of the three-year period, in February each year in the same sequence as specified in MASTER RULE 3.3(2) 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 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 delegate any of its powers in terms of the 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 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 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.
- (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**

In pursuing the objects of the FUND, the BOARD must

- (1) take all reasonable steps to ensure that the interests of MEMBERS as set out in these 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 these 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 these 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.

### **3.9 TERMINATION OF OFFICE**

- (1) A BOARD MEMBER or alternate may resign from office at any time by giving 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;
  - (c) he fails to attend 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, PENSIONER of the FUND or 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.

### **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) must appoint a BOARD MEMBER to fill the vacancy.
- (3) The BOARD must cause vacancies to be filled as soon as possible to ensure that the composition of the BOARD adheres to the provisions of MASTER RULE 3.2(1).
- (4) Where the REGISTRAR directed a BOARD MEMBER to vacate office, the FUND must cause the vacancy to be filled in accordance with MASTER RULES 3.10(1) to 3.10(3), failing which the REGISTRAR may adopt the course set out in MASTER RULE 3.18.

### **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 two meetings must be held in each FINANCIAL YEAR.
  - (c) If at least 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 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 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), the Chair must ensure that at least fifteen days' prior written notice of a meeting of the BOARD is given to all BOARD MEMBERS 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 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) Three BOARD MEMBERS appointed to represent the PARTICIPATING EMPLOYERS and three BOARD MEMBERS elected by the MEMBERS, shall form a quorum. 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 one vote.
- (e) The BOARD must make a reasonable effort to reach consensus but a decision favoured by 75% of the meeting must be carried. If the BOARD cannot reach a 75% majority decision, the matter must be referred to the next meeting.
- (f) If the 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).
- (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% 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% 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)(i) and (ii) 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.

### **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.
- (b) If the PRINCIPAL OFFICER is unable for any reason to discharge his duties, the BOARD may appoint another person as acting PRINCIPAL OFFICER. If however, the PRINCIPAL OFFICER will be absent for more than thirty days, the BOARD must inform the REGISTRAR of the appointment of the acting Principal Officer in writing within thirty days.
- (c) The BOARD may appoint such further persons as it deems fit to assist the PRINCIPAL OFFICER with the execution of his functions.

#### **(2) Other Appointments**

The BOARD shall make the following appointments:

- (a) ADMINISTRATOR;
- (b) an AUDITOR;

The BOARD shall give the AUDITOR access to all books, accounts and records connected with the FUND. The AUDITOR must certify, in writing, the result of each audit.

- (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 APPOINT BOARD MEMBERS**

- (1) If at any time the FUND has no properly constituted BOARD contemplated in the ACT and has failed to constitute a BOARD after ninety days' written notice by the REGISTRAR, the REGISTRAR may, notwithstanding these 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.
- (2) A BOARD constituted in terms of Rule 3.18(1) 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**

- (1) A COMPLAINANT who has a complaint relating to
    - (a) the administration of the FUND; or
    - (a) the investment of the money of the FUND; or
    - (b) the interpretation and application of the RULES
- 

may lodge a written complaint with the PRINCIPAL OFFICER or the BOARD under the ACT.

- (2) A complaint so lodged must be properly considered and replied to in writing within thirty days of receipt of such complaint.
- (3) If the COMPLAINANT is not satisfied with the reply received, or if the reply is not received within thirty days of receipt of the complaint, the COMPLAINANT may lodge the complaint with the ADJUDICATOR.
- (4) The ADJUDICATOR may, on good cause shown by any affected party, extend the period of thirty days referred to MASTER RULE 4.1(3) or condone non-compliance with the time limit specified.

### **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 ACCUMULATED CREDIT, 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 a portion or the whole of a benefit, provided that -
  - (a) the amount 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 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 determined, settled or withdrawn, any benefit to which the MEMBER is entitled 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 in writing and 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 UNCLAIMED 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 (4) below.
- (3) Amounts in the UNCLAIMED BENEFITS ACCOUNT must be invested by the BOARD in an investment fund designated for that purpose or in the BANK ACCOUNT.
- (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. Alternatively, where the benefit has remained unclaimed for at least twenty-four months, the BOARD may arrange for it to be deposited in 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 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 FUND, any or all of the following:
  - (a) a copy of the 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 (3) below amend these MASTER RULES as well as the SPECIAL RULES in accordance with the ACT.
- (2) The BOARD must notify the REVENUE AUTHORITY of each Rule amendment within two months after it has been registered in terms of the ACT.
- (3) If an amendment to the 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), 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 recouped from the MEMBER ACCOUNT together with the employee's tax 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) and the BOARD is satisfied that it is not otherwise reasonably possible to negotiate repayment of the amount owing to the FUND 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) The PARTICIPATING EMPLOYER must provide the FUND with all EXIT NOTIFICATIONS.
- (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) if such communication reflects any election made by a MEMBER or BENEFICIARY entitled to make any such election under these RULES, or
  - (b) information relating to the MEMBER in particular his PENSIONABLE SALARY or age.
- (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 RULES 4.11(3) and 4.11(4) 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 MASTER RULE 4.11(3) 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 later information was received the FUND.

#### **4.12 GREATER BENEFITS**

The BOARD may, at the request of the PARTICIPATING EMPLOYER, increase any benefit payable to or in respect of any MEMBER as provided for elsewhere in these RULES, subject to the following:

- (a) Prior approval by the REVENUE AUTHORITY is required where the difference (as determined by the ACTUARY) between the value of the greater benefit and the value of the benefit provided for elsewhere in these RULES is more than a percentage prescribed by the REVENUE AUTHORITY; and
- (b) before the greater benefit is paid, the PARTICIPATING EMPLOYER must pay to the FUND or from the PARTICIPATING EMPLOYER SURPLUS ACCOUNT (as the case may be) the difference (as determined by the ACTUARY if not obvious) between the value of the greater benefit and the value of the benefit provided for elsewhere in these RULES.

#### **4.13 TRANSFERS TO PRESERVATION FUNDS**

- (1) A MEMBER'S benefits under these rules may not be transferred to an APPROVED PRESERVATION PENSION FUND in respect of a MEMBER, unless –
  - (a) no transfer is made to another APPROVED PRESERVATION PENSION FUND in respect of the MEMBER;
  - (b) the amount transferred equals the MEMBER'S full withdrawal benefit in terms of MASTER RULE 8 of Part I and Part II or full liquidation benefit in terms of MASTER RULE 6, less –
    - (i) any transfer to an APPROVED RETIREMENT ANNUITY FUND for the benefit of the MEMBER; and;
    - (ii) any deduction in terms of MASTER RULE 4.3.
- (2) The FUND must inform the transferee APPROVED PRESERVATION PENSION FUND of –
  - (a) any deduction in terms of MASTER RULE 4.3;

- (b) any amount debited to the MEMBER ACCOUNT, or deducted from an amount the remainder of which was credited to the MEMBER ACCOUNT, in recoupment of the amount paid by the FUND on the MEMBER'S residential loan; and
- (c) any payment made to, or on behalf of, the MEMBER'S former spouse or another person in terms of a court order, where the amount of such payment was debited to, or deducted from an amount the remainder of which was credited to, the MEMBER ACCOUNT.

#### **4.14 INALIENABILITY OF BENEFITS**

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

#### **4.15 ALLOCATION OF BENEFITS ON DEATH**

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

#### **4.16 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.

#### **4.17 AUDIT STATUS OF FUND**

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

#### **4.18 CURRENCY**

All benefits and contributions are payable in South African currency.

#### **4.19 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.

#### **4.20 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,

such reasonable costs may, at the BOARD'S discretion, be taken into account when determining the benefit payable.

#### **4.21 LATE PAYMENT INTEREST**

To the extent that interest may be due in respect of any amount payable by the FUND in terms of these RULES, then such interest is payable at the same rate and capitalised in the same way, if at all, as the interest received by the FUND on monies held by it in its BANK ACCOUNT; provided that –

- (1) any such interest must be reduced by any tax thereon due by the FUND; and
- (2) no such interest is payable in respect of any period during which INVESTMENT RETURN is received on the amount payable and distributed as part of that amount.
- (3) that portion of the interest added up until the date of the application to the REVENUE AUTHORITY for the tax directive will be included in the application to the REVENUE AUTHORITY and that portion of the interest added from the date of the application to the REVENUE AUTHORITY to the date of payment of the benefit is subject to taxation in the hands of the BENEFICIARY.

#### 4.22 RULES ARE NOT CONDITIONS OF SERVICE

These 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.

#### 4.23 MINIMUM BENEFITS

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

#### 4.24 PURCHASE OF PENSIONS

Any pension (other than pensions purchased in terms of MASTER RULE 7.4(2) of Part I or MASTER RULE 6.4 and MASTER RULE 7.3(2) of Part II) payable in terms of these RULES will be payable from the ANNUITY ACCOUNT.

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#### 4.25 PENSIONS PAYABLE FROM THE ANNUITY ACCOUNT

Pensions payable from the ANNUITY ACCOUNT on retirement in terms these RULES are payable in arrear 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 pensions 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 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(1) of Part I or MASTER RULE 6.4 of Part II, whichever is applicable), pension payments to his designated dependant will commence on expiry of the aforementioned five-year period, should the PENSIONER die within such 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 arrear or yearly in arrear.

#### **4.26 INCREASES IN PENSIONS**

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 these RULES.

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

#### **4.27 SUPPLEMENTARY PENSIONS**

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.

## RULE 5: PARTICIPATION

### 5.1 PARTICIPATING EMPLOYERS

- (1) Any PARTICIPATING EMPLOYER may apply on such terms and conditions as set out by the BOARD to participate in the FUND on the basis that those of its ELIGIBLE EMPLOYEES who qualify for membership in terms of MASTER RULE 5.2 become MEMBERS.
- (2) The participation of a PARTICIPATING EMPLOYER in Part I or Part II as elected in respect of his employees in the FUND commences on the PARTICIPATION DATE.
- (3) SPECIAL RULES shall be issued in respect of each PARTICIPATING EMPLOYER. The SPECIAL RULES may amplify, select or clarify the application of any provision of the RULES provided that it is clearly stated in the SPECIAL RULES. To the extent that a provision in the SPECIAL RULES does not clearly indicate that it is to amplify, select or clarify the application of a provision of the RULES and that provision is in conflict with a provision of the RULES, then the provision of the RULES shall prevail.
- (4) The SPECIAL RULES shall set out *inter alia* the following:
  - (a) the requirements of the PARTICIPATING EMPLOYER for employees to join the FUND and the categories of ELIGIBLE EMPLOYEES who will join the FUND, if the application is accepted;
  - (b) the contribution rates;
  - (c) the cover for RISK BENEFITS;
  - (d) any other information that may be required from time to time by the BOARD.
- (5) The BOARD may amend the SPECIAL RULES with the consent of the relevant PARTICIPATING EMPLOYER.
- (6) A PARTICIPATING EMPLOYER may delegate any of its duties and responsibilities under these RULES to a Member Committee. Such delegation will however not absolve the PARTICIPATING EMPLOYER from its duties and responsibilities in terms of these RULES.

## **5.2 MEMBERS**

- (1) A person who is an ELIGIBLE EMPLOYEE on the PARTICIPATION DATE, may choose to become a MEMBER within 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.
- (4) Notwithstanding the above, the eligibility requirements of a MEMBER as referred to in MASTER RULE 6.9 will be subject to review by the BOARD.

## **5.3 CONTINUATION OF PARTICIPATION**

All MEMBERS shall remain MEMBERS until their retirement, withdrawal from service or death.

## **5.4 TRANSFERS OUT OF THE FUND**

- (1) If a MEMBER or a group of MEMBERS is no longer eligible to participate under 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, 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 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.

#### **5.5 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 a MEMBER to any RISK BENEFIT is subject to the provisions of these 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.

#### **5.6 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 5.5 and will continue to be a MEMBER until his retirement, provided that where such MEMBER'S service with his PARTICIPATING EMPLOYER is terminated for whatever reason before the MEMBER'S retirement, membership of the FUND shall cease and a withdrawal benefit shall be payable.

## **RULE 6: LIQUIDATION AND TRANSFER OF BUSINESS TO ANOTHER FUND**

### **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) On the liquidation date all accrued debits and credits in respect of the ACCOUNTS of the FUND must be processed so that the balances can be determined as at the liquidation date.
- (5) The provisions of MASTER RULE 6.2(4) 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 does not advise 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 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 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 as at the liquidation date.
- (4) Liquidation expenses and payment of any taxation due must be allocated proportionately amongst the MEMBER ACCOUNTS and former members

as referred to in this MASTER RULE. The aggregate of all credit balances on the liquidation date in any of the ACCOUNTS of the SUB-FUND, other than the MEMBER ACCOUNTS and PARTICIPATING EMPLOYER SURPLUS ACCOUNT must be allocated proportionately amongst the MEMBER ACCOUNTS and the former members. Thereafter the value due to the MEMBERS and former members of the SUB-FUND must be determined. The value must be paid in the same manner as if the MEMBER or former member exited the FUND as a result of withdrawal from the PARTICIPATING EMPLOYER'S service. Former members who were employed by that PARTICIPATING EMPLOYER and who left the FUND within the twelve months preceding the liquidation date shall participate in the distribution. If the former MEMBERS who participate in this distribution cannot be traced, the corresponding amounts so distributed will be dealt with appropriately as decided by the liquidator.

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

### **6.3 TRANSFERS TO ANOTHER FUND**

If a PARTICIPATING EMPLOYER has decided, for whatever reason, to join another APPROVED PENSION FUND or APPROVED PROVIDENT FUND, the amount standing to the credit in the ACCOUNTS of the relevant SUB-FUND must be transferred to such fund subject to the requirements of the ACT and MASTER RULE 5.4.

### **6.4 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 If the other organisation is already a PARTICIPATING EMPLOYER, the SUB-FUND will be amalgamated with the SUB-FUND of the other organisation.

#### **6.5 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, shall mutatis mutandis, apply in respect of such part of the PARTICIPATING EMPLOYER'S business.

#### **6.6 TERMINATION OF SUB-FUND BY MANAGEMENT BOARD**

The BOARD has the right to terminate the participation of a PARTICIPATING EMPLOYER in the FUND provided that at least twenty days notice and no more than 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 apply in the same way, provided that the provisions of MASTER RULE 6.3 must apply if the PARTICIPATING EMPLOYER notifies the FUND thereof within twenty days of the notice above. The BOARD may agree to any extension of these notice periods.

#### **6.7 NO MEMBERS REMAINING**

If there should be no MEMBER remaining in a SUB-FUND who is an employee of the PARTICIPATING EMPLOYER then that PARTICIPATING EMPLOYER must be terminated with the provisions of MASTER RULE 6.2 to apply provided that if any assets of that PARTICIPATING EMPLOYER remain after the partial liquidation in terms of MASTER RULE 6.2 then such assets must be distributed on such basis as the BOARD considers equitable to those persons who withdrew from the PARTICIPATING EMPLOYER within the preceding twelve months of such partial liquidation. If such a distribution is made, and some of the former members cannot be traced to make payment, then the corresponding assets must be credited to the UNCLAIMED BENEFITS ACCOUNT.

#### **6.8 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.



#### **6.9 DISCONTINUANCE OF A PARTICIPATING EMPLOYER**

Notwithstanding anything to the contrary in this MASTER RULE 6, a MEMBER, shall in the event of discontinuance of participation by the PARTICIPATING EMPLOYER by whom he was employed, be entitled to remain a MEMBER of the FUND but no new MEMBERS may be eligible to join thereafter.

## RULE 7: FINANCIAL PROVISIONS

### 7.1 GENERAL

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

### 7.2 ACCOUNTS

The FUND must in addition to the ACCOUNTS referred to in MASTER RULE 4.1 of Part I and MASTER RULE 5.2 of Part II keep the following ACCOUNTS for the administration of the FUND.

#### (1) MAIN ACCOUNT

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

##### (a) DEBITS

##### (b) CREDITS

(i) Any amount transferred to the MEMBER ACCOUNTS as determined by the BOARD in consultation with the ACTUARY.	(i) Any amount transferred from the INVESTMENT RESERVE ACCOUNT in terms of Part II 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) of Part I and MASTER RULE 2.4(1) 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 Part II.
(iv) Premiums payable to the RISK PROVIDER for RISK BENEFIT cover, including in terms of the RISK POLICY, any interest on	(iv) Amounts received from the UNCLAIMED BENEFITS ACCOUNT as determined by the BOARD to fund the

such premiums.	expenses of the FUND.
(v) Amounts transferred in respect of a claim to the ANNUITY ACCOUNT, the SPOUSES' AND DEPENDENT CHILDREN'S ACCOUNT, whichever is applicable.	(v) Any payments or transfers from the 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) of Part I and Part II.

## (2) ANNUITY ACCOUNT

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

### (a) DEBITS

### (b) CREDITS

(i) Monthly pensions payable.	(i) Amounts to provide pension benefits, including pension benefits in respect of voluntary contributions, transferred from the MEMBER ACCOUNTS and the DISABILITY ACCOUNTS.
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(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 in respect of Part I.
(iii) The cost of providing pensions payable from the FUND.	(iii) Amounts to provide pension benefits transferred from the DISABILITY ACCOUNTS.
(iv) Any negative INVESTMENT RETURN allocated to this ACCOUNT.	(iv) Increases to pensions transferred from the MEMBER ACCOUNTS.
	(v) Ex-gratia increases to pensions transferred from the MEMBER ACCOUNTS of from the PARTICIPATING EMPLOYER.
	(vi) Any positive INVESTMENT RETURN allocated to this ACCOUNT.

### (3) UNCLAIMED BENEFITS ACCOUNT

The FUND must keep an UNCLAIMED BENEFITS ACCOUNT for MEMBERS whose benefits have become unclaimed. The following debits and credits are recorded in 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 the MEMBER ACCOUNT 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 the PARTICIPATING EMPLOYER SURPLUS ACCOUNT.
(iii) Amounts transferred to the MAIN ACCOUNT as determined by the BOARD to fund the expenses of the FUND.	(iii) Any amount transferred in terms of MASTER RULE 2.5(1) of Part I and MASTER RULE 2.4(1) of Part II.
(iv) Any UNCLAIMED BENEFIT and the INVESTMENT RETURN thereon payable to any other fund legally entitled to hold unclaimed benefits.	(iv) Any positive INVESTMENT RETURN allocated to this ACCOUNT.
(v) Any negative INVESTMENT RETURN allocated to this ACCOUNT.	

**7.3 OTHER FINANCIAL MATTERS**

- (1) The INVESTMENT RETURN will be allocated directly to the MEMBER ACCOUNT or to the PARTICIPATING EMPLOYER SURPLUS ACCOUNT.

(2) **Review of FUND expenses**

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.

(3) **Management of RESERVE ACCOUNTS**

- (a) The BOARD must review the balance in each RESERVE ACCOUNT at least once in each FINANCIAL YEAR and must, after such review apportion so much of each RESERVE ACCOUNT which the BOARD in consultation with the ACTUARY may decide is surplus.
- (b) The BOARD has the power to invest any balance to the credit of any RESERVE ACCOUNT, as it considers appropriate.