

## **PART 1 - 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 "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 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

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- (a) (i) is under the age of 18 years; or
  - (ii) is under the age of 25 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**DEFERRED PENSIONER** means a MEMBER who, prior to 1 November 2002, has withdrawn from service and elected to receive a deferred pension in terms of MASTER RULE 8.2(2)(d).

It is specifically provided that with effect from 1 November 2002 no MEMBER may become a DEFERRED PENSIONER.

**DEFERRED PENSION ACCOUNT** where applicable, the ACCOUNT established in terms of MASTER RULE 4.1(5).

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Definitions

**DISABILITY ACCOUNT** means the ACCOUNT kept by the FUND in terms of MASTER RULE 4.1(3).

**ELIGIBLE EMPLOYEE** means an employee who is on the full-time permanent staff of a PARTICIPATING EMPLOYER, is at least five years before NORMAL RETIREMENT AGE and 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 two-year period or the 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), the date of the MEMBER'S withdrawal; or
- (b) where less than two years' service or 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.

**INVESTMENT RETURN** means the interest on so much of the credit balance in the BANK ACCOUNT as corresponds to any amount to the credit of an ACCOUNT, as well as any profits or losses less any expenses and tax charges that arise in the FUND and in which in the opinion of the ACTUARY should be included and can either be positive or negative.

**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, or

(where custom so permits and the MEMBER, DEFERRED PENSIONER or PENSIONER has more than one spouse, the spouse of longest standing shall be deemed to be the spouse, provided that the MEMBER, DEFERRED PENSIONER or PENSIONER may, subject to the consent of the BOARD and to such conditions as the BOARD may impose, specify in writing that another spouse constitute the spouse for the purposes of these RULES, save that any such specification made less than one year prior to the MEMBER, DEFERRED PENSIONER or PENSIONER'S death shall be null and void).

The BOARD may deem a person who cohabits with or is dependent on a MEMBER, DEFERRED PENSIONER or PENSIONER to be a spouse for the purposes of these RULES.

**SPOUSES' AND DEPENDENT CHILDREN'S ACCOUNT** means the ACCOUNT kept by the FUND in terms of MASTER RULE 4.1(4).

**PARTICIPATING EMPLOYER SURPLUS ACCOUNT** means the ACCOUNT kept by the FUND in terms of MASTER RULE 4.1(2).

**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 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 CONTRIBUTION**

- (1) Each MEMBER must contribute in respect of each calendar month of membership of the FUND at the rate equal to 7% of 1/12<sup>th</sup> of the MEMBER'S PENSIONABLE SALARY. The contribution must be credited to the MEMBER ACCOUNT when it is received by the FUND.
- (2) Notwithstanding MASTER RULE 2.1(1) 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% of 1/12<sup>th</sup> 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 CONTRIBUTION 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 these RULES. This contribution must be expressed as a percentage of 1/12<sup>th</sup> of MEMBERS' PENSIONABLE SALARIES.
- (2) The SPECIAL RULES must specify that the total contribution in terms of MASTER RULE 2.2(1) 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%,
    - (ii) in respect of the SPOUSE'S benefit and/or DEPENDENT CHILD'S benefit, an amount not exceeding 1,00%,

(iii) in respect of the PARTICIPATING EMPLOYER'S DISABILITY INCOME PLAN, an amount not exceeding 0,75%,

of 1/12<sup>th</sup> of the MEMBERS' PENSIONABLE SALARY.

- (3) If there is a PARTICIPATING EMPLOYER SURPLUS ACCOUNT, then the PARTICIPATING EMPLOYER may request the BOARD to debit this ACCOUNT in respect of any amount which the PARTICIPATING EMPLOYER is in terms of 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 PARTICIPATING EMPLOYER SURPLUS 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) may be made with the express purpose of augmenting the benefits payable in terms of MASTER RULES 6, 7, and 8 to a particular MEMBER or group of MEMBERS, subject to the approval of the REVENUE AUTHORITY before such augmentation takes place.
- (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 SALARIES 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 these 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 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) Any amount relating to the membership of a MEMBER in any APPROVED PENSION FUND or APPROVED PROVIDENT FUND may be paid to the FUND.
- (a) Where such amount constitutes the MEMBER'S TOTAL TRANSFER CREDIT it 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 15B of the ACT as approved by the REGISTRAR, when it has been received by the FUND.
  - (b) Where the Section 14 or Section 15B application referred to in MASTER RULE 2.5(1)(a) does not make provision for the allocation of



the MEMBER'S TOTAL TRANSFER CREDIT to be specifically 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.
- (3) Subject to the approval of the REGISTRAR in terms of section 15E of the ACT, any amount may be transferred into the PARTICIPATING EMPLOYER SURPLUS ACCOUNT from an employer surplus account in another fund in which the employer participates.

### **RULE 3: GENERAL PROVISIONS**

#### **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 BOARDS 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 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 following ACCOUNTS for the administration of the FUND in respect of Part I:

The following ACCOUNTS are kept at FUND level:

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

The following ACCOUNT is kept at PARTICIPATING EMPLOYER level:

- (d) MEMBER ACCOUNT; and
- (e) PARTICIPATING EMPLOYER SURPLUS ACCOUNT.

#### (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(1), 2.1(2) or 2.2(6).
(ii) The cost of any pension purchased on retirement under MASTER RULE 6, transferred to the ANNUITY ACCOUNT.	(ii) The balance of the total contribution referred to in MASTER RULE 2.2(1) less the amounts in MASTER RULE 2.2(2).
(iii) Any withdrawal payment under MASTER RULE 8.	(iii) Amounts transferred in terms of MASTER RULE 2.5(1) and 2.5(2) if applicable.

(iv) The benefit payable on the death of a MEMBER under MASTER RULE 7.	(iv) Any amounts transferred from the PARTICIPATING EMPLOYER SURPLUS ACCOUNT in terms of MASTER RULE 2.2(3) or 2.2(5).
(v) The amount calculated in respect of transfer to Part II in terms of MASTER RULE 3.1 or MASTER RULE 3.2.	(v) Positive INVESTMENT RETURN in terms of MASTER RULE 7.3(1) of the General Section.
(vi) Accrued past service liability in respect of a disabled MEMBER transferred to the DISABILITY ACCOUNT.	(vi) ACCUMULATED CREDIT in respect of a Part II transfer transferred from the MEMBER ACCOUNT in Part II.
(vii) The contribution in terms of MASTER RULE 2.2(2)(b)(ii) 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 Part I transfer transferred from the MEMBER ACCOUNT in Part I.
(viii) Ex-gratia pension payments transferred to the ANNUITY ACCOUNT.	(viii) Accrued past service liability in respect of a recovered MEMBER transferred from the DISABILITY ACCOUNT.

(xi) Additional PENSIONER increase transferred to the ANNUITY ACCOUNT.	(xi) Withdrawal benefit in respect of a DEFERRED PENSIONER in terms of MASTER RULE 8.2(2)(d) transferred from the DEFERRED PENSIONER ACCOUNT.
(x) Negative INVESTMENT RETURN in terms of MASTER RULE 7.3(1) of the General Section.	

**(2) PARTICIPATING EMPLOYER SURPLUS ACCOUNT**

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 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.
(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).

(iii) Any amounts transferred to the MEMBER ACCOUNT in terms of MASTER RULE 2.2(3) or 2.2(5).	(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.
(iv) Any amount transferred to a MEMBER ACCOUNT as determined by the BOARD in consultation with the ACTUARY.	(iv) Positive INVESTMENT RETURN in terms of MASTER RULE 7.3(1) of the General Section.
(v) Negative INVESTMENT RETURN in terms of MASTER RULE 7.3(1) of the General Section.	(v) Any contribution to the FUND made by the PARTICIPATING EMPLOYER in terms of MASTER RULE 2.2(4).

### (3) 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 INCOME PLAN.	(i) The accrued past service liability in respect of a disabled MEMBER transferred from the MEMBER ACCOUNT.
(ii) The amounts required to provide the pension transferred to the ANNUITY ACCOUNT.	(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.	

**(4) 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 pensions 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.
(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.
	(iii) On the death of a disabled member the accrued past service liability transferred from the DISABILITY ACCOUNT.



(5) 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.	(i) The capital value of the deferred pension in terms of MASTER RULE 8.2(2)(d) or MASTER RULE 8.2(2)(e) transferred from the MEMBER ACCOUNT.
(ii) Amounts required to provide the pension in terms of MASTER RULE 6.1(2) transferred to the ANNUITY ACCOUNT.	
(iii) Amounts required to provide the pension on the death of a DEFERRED PENSIONER in terms of MASTER RULE 7.3 transferred to the SPOUSES' AND DEPENDENT CHILDREN'S ACCOUNT.	

## **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),

- (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 respectively and shall be payable as set out in MASTER RULE 5.6.

#### **(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 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 sixty months after his date of retirement, the pension payments due for the remainder of that period in terms of MASTER RULE 5.6.

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

- (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 respectively and shall be payable as set out in MASTER RULE 5.6.

OR

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

### **5.3 PENSION PAYABLE ON THE DEATH OF A DEFERRED PENSIONER**

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

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

- (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 respectively and shall be payable as set out in MASTER RULE 5.6.

OR

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

### **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% 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), 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% 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 death after retirement, shall be equal to 50% of the retirement pension the 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 one-third of the SPOUSE'S pension in accordance with MASTER RULE 5.4(1)(a) or MASTER RULE 5.4(2) whichever is applicable, for each DEPENDENT CHILD up to a maximum of three DEPENDENT CHILDREN at any one time. Where there are more than three DEPENDENT CHILDREN, the 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 PENSIONS**

The first monthly payments of the SPOUSE'S and DEPENDENT CHILD'S pensions 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 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 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 pensions, the SPOUSE'S and DEPENDENT CHILD'S pensions 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.

PP = 1st day next month

DOD = 12/3/67  
DOB = 12/15/12  
DOR = 1/4/2012.

2 = 2 day month - 28th

Date of 1st pay = 25/4/2012

→ DOD = 12/2/12  
1st = 25/4/2012

PP = 1st 1/2/2012

1st.

## RULE 6: RETIREMENT BENEFITS

### 6.1. RETIREMENT

- (1) A MEMBER must retire on whichever of the following events occurs first -
  - (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 retire 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 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 retire 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 retire 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 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 had such MEMBER not attained his NORMAL RETIREMENT DATE 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 fifty-three.

**(3) Amount of Pension**

2/5

11

0,025

11

12/50

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 (MASTER RULE 6.1(1)(a)),

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

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 (MASTER RULE 6.1(1)(b)), the pension shall be calculated in terms of MASTER RULE 6.1(3)(i) and then reduced by 0,25% 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 (MASTER RULE 6.1(1)(e)), the pension shall be calculated in terms of MASTER RULE 6.1(3)(i) and then increased by 0,4% for each complete month in respect of the period between the normal and late retirement dates.

Any pension calculation in terms of MASTER RULE 6.1 shall, where additional contributions has been made by the MEMBER in terms of MASTER RULES 2.1(3), 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) On retirement 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) as is permitted in the Income Tax Act, No. 58 of 1962.
- (b)
  - (i) If the Income Tax, No. 58 of 62 permits the entire amount in terms of MASTER RULE 6.1(3) on retirement to be paid in cash, the FUND will pay the benefit to the MEMBER in cash.
  - (ii) If the MEMBER elects to purchase a pension with all or part of this amount and the MEMBER dies prior to the FUND having purchased a pension in accordance with Rule 6.2(3), the FUND will pay the benefit to the MEMBER'S estate in cash.

**(3) Purchase of Pensions**

Any retirement pension which becomes payable in terms of this Part shall, *Amend 3*  
after any commutation thereof as provided for in this Part, be paid in *= GNR*  
accordance with the provisions of MASTER RULE 4.25 of the General  
Section.



### 6.3 PAST SERVICE BENEFITS

- (1) The PARTICIPATING EMPLOYER shall have the right to provide pensions 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 pensions shall be as agreed between the BOARD and the PARTICIPATING EMPLOYER in consultation with the ACTUARY.
- (3) Any pension determined in terms of this RULE shall be payable in addition to the pension payable in terms of MASTER RULE 6.1.

### 6.4 ADDITIONAL PENSION

A MEMBER'S additional contributions made in terms of MASTER RULE 2.1(3) and/or MASTER RULE 2.5 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).

Where MASTER RULE 6.4(a) 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, where the MEMBER withdraws from service.

Where MASTER RULE 6.4(b) applies, the provisions applicable to the MEMBER'S own contributions on death before retirement or withdrawal from service shall apply to his additional contributions.

It is specifically provided that the additional pension in terms of MASTER RULE 6.4(a) shall not be taken into account when determining the SPOUSE'S and DEPENDENT CHILD'S pensions in terms of MASTER RULE 5.

## **RULE 7: DEATH BENEFIT**

### **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 is not paid, the MEMBER'S own contributions together with 4% 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 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 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 7.4; 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, a lump sum equal to five times the PENSIONABLE SALARY of the MEMBER at the date of his death plus the cash in terms of MASTER RULE 7.1(b), payable as set out in MASTER RULE 7.4.

### **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 be payable. Such benefit will be payable in terms of MASTER RULE 7.4.

### **7.3 DEATH OF A DEFERRED PENSIONER**

If a DEFERRED PENSIONER dies before the pension in terms of MASTER RULE 8.2(2)(d) 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 NATURE OF DEATH BENEFIT**

#### **(1) Cash**

The BOARD may direct that all or part of the death benefit capital set out in MASTER RULE 7.1 be paid in cash to the MEMBER'S DEPENDANTS and/or nominated BENEFICIARIES in such manner as directed by the BOARD in accordance with the ACT.

and/or

#### **(2) Pension**

The BOARD may direct that a pension or pensions 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 or her DEPENDANTS and/or nominated BENEFICIARY.

## RULE 8: WITHDRAWAL BENEFIT

### 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 5.4(2) of the General Section, and
- (2) he is not eligible for any other benefit as described in the RULES.

### 8.2 AMOUNT OF WITHDRAWAL BENEFIT

- (1) Where the MEMBER leaves the service of the PARTICIPATING EMPLOYER within the 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 4.25 of the General Section as if the MEMBER had retired on the date of his exit. Such benefit ~~must be transferred to an APPROVED RETIREMENT ANNUITY FUND or an APPROVED PRESERVATION PENSION FUND, subject to the provisions of the ACT.~~ \* *Amendment No. 4 now allows transferred pen fund also.*
- (2) Where MASTER RULE 8.2(1) does 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% 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 RULE (excluding the additional contributions referred to in MASTER RULE 2.1(3), transfers from other funds in terms of MASTER RULE 2.5) 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) to contribute at the rate of 5% 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%.

- (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 RULES 8.2(2)(b)(i), 8.2(2)(b)(ii) or 8.2(2)(b)(iii).
- (d) in respect of a MEMBER who withdrew prior to 1 November 2002, provided such MEMBER has completed at least five years of CONTRIBUTORY SERVICE, elect to receive a deferred pension payable at any time after the attainment of age fifty-three. The annual amount of such pension shall be calculated in accordance with MASTER RULE 6.1(4) as if the date of withdrawal was at the date of retirement. The value of such deferred pension as determined by the

Withdrawal Benefit

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) does not claim the cash sum in terms of 8.2(2)(a), 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), 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) is elected), within three months of his effective date of withdrawal.
- (5) Any election made by the MEMBER in terms of MASTER RULE 8.2(4) is irrevocable and the MEMBER is not entitled to any other benefit in terms of the RULES.

### **8.3 TRANSFER FROM ONE PARTICIPATING EMPLOYER TO ANOTHER PARTICIPATING EMPLOYER**

Notwithstanding the provisions of MASTER RULE 8.1, 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), 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) 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.

#### **8.4 INDIVIDUAL MEMBERS**

Notwithstanding anything to the contrary contained in this 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 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) and who is under the age of 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) 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 RULE shall be irrevocable.