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ISASA

Independent Schools Association of Southern Africa

Pension Scheme and Provident Fund

THE INDEPENDENT SCHOOLS ASSOCIATION OF SOUTHERN AFRICA PENSION SCHEME

**Pension increase policy required in terms of
Section 14B (3) of the
Pension Funds Second Amendment Act 2001**

The Board of Trustees of the ISASA Pension Scheme ('the Scheme') has considered the requirements of Section 14B (3) of the Act and have resolved to adopt the following:

Pension Increase Policy Statement.

With effect 1 May 2011, the Pension Increase Policy of the Scheme is to aim to provide increases to pensioners of at least 75% of the rate of increase in inflation as measured by CPI, subject to affordability by the fund with regard to the net investment return on the pensioner assets of the fund, and solvency of this account.

Increases, if any, will be granted annually to pensioners on the 1st September each year. The rate of increase in CPI will be measured for the year ending 30th June. The affordability of the increase will be determined by comparison of the net investment return (for the years ending 30th September) on the assets earmarked for pensioners relative to the post-retirement interest rate of 5% p.a.

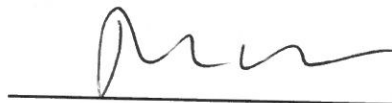
Should the net investment return of the Scheme be such as to enable a greater increase than 75% of the increase in CPI, the Board of Trustees shall endeavour to pass on as much of the investment return, in the form of a pensioner increase, as it deems prudent, taking into account the solvency position of the Fund and the recommendation of the valuator.

Increases to pensions in any particular year will generally be limited to 150% of the increase in CPI. Excess returns will be carried forward to subsequent periods to facilitate the granting of increases during periods when the investment returns earned during such periods are insufficient to support these increases.

Signed at Johannesburg on 26th May 2016



Chairman



Principal Officer