

Newsflash



MGF

MUNICIPAL GRATUITY FUND

THE LATEST ON THE CITY OF JOHANNESBURG AND THE MGF

The following is a summary of the position of the MGF in relation to the application of the City of Johannesburg and its UAC's to withdraw as participating employers.

1. The City, including the UAC, submitted an application dated 29 July 2004 to the Fund to withdraw as participating employers.
2. The Fund requested certain information and permission to address the members in this regard during member meetings.
3. The last of the requested information was received on 21 April 2005.
4. Approval was also given to conduct member meetings.
5. The logistics of such meetings will be discussed with a representative of the City on 18 May 2005. It is expected that the member meetings will be held during June 2005. Members will be furnished with a comparison between the eJoburg Retirement Fund and the MGF at such meetings and members will be given an opportunity to express their wishes in writing on forms, which will be available at the meetings. Members will timeously be notified of the dates and venues of such meetings.
6. The attorneys of the City gave a written undertaking that the City will not unlawfully withhold the monthly contributions. In terms of section 13A of the Pension Funds Act, 1956 it is a statutory offence to withhold the contributions. The Registrar of Pension Funds also requires that such contravention of section 13A be reported to the Attorney General for criminal prosecution.
7. The Management Committee of the Fund will not consider the application before the response of the members is known.
8. If and when the Management Committee does approve of the application to withdraw then it must still decide how to deal with the members' fund credits. If 90% of the membership so wishes, the Fund can transfer all the fund credits to the eJoburg Retirement Fund. If not it will be kept with the MGF. The attorneys of the City indicated in writing that the City has no objection that the fund credits of the members remain with the MGF. The members' views in this regard will also be sought at the meetings.
9. If the Management Committee does not approve of the application to withdraw the City may take such decision on review to the High Court to test the reasonableness of it.
10. Until such time as this application of the City and UAC's to withdraw has been finalised contributions may not be withheld lawfully.

Kind regards

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