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THE PRINCIPAL OFFICER
2 STRAND ROAD
BELLVILLE
SOUTH AFRICA

7530P

CASE NUMBER: 601208

Dear Sir

PENSION FUNDS ACT, 1956 (ACT 24 OF 1956): CONSOLIDATED RULES - MUNICIPAL GRATUITY FUND

Your letter of 22 August 2024 refers. I enclose a copy of the Consolidated Rules duly approved and registered in terms of section 12(5) of the Act.

The fund continues to be recognized as a Pension Fund in terms of the Income Tax Act no.58 of 1962.

Yours faithfully

FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY

Executive Committee:

Commissioner: U. Kamlana | **Deputy Commissioners:** A. Ludin | K. Gibson | F. Badat

CONSOLIDATED RULES OF THE MUNICIPAL GRATUITY FUND

EFFECTIVE FROM 1 SEPTEMBER 2024

**RESOLUTION OF THE BOARD OF THE MUNICIPAL GRATUITY FUND TAKEN ON A
ROUND ROBIN BASIS ON 14 AUGUST 2024**

"RESOLVED:

That the Rules of the Fund be consolidated with effect from 1 September 2024.

REASON FOR AMENDMENTS

- To consolidate the rules of the Fund by incorporating all amendments registered since the registration of the previous set of consolidated rules on 26 July 2019.

Certified that the above resolution has been adopted in accordance with the provisions of the Rules of the Fund.



CHAIRPERSON



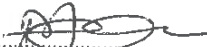
BOARD MEMBER



PRINCIPAL OFFICER

REGISTERED in terms of
Pension Funds Act. No. 24 of 1956

15 OCT 2024



FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY

RULES OF THE MUNICIPAL GRATUITY FUND

Original Rules registered on 29 October 1993.

First Consolidated Rules registered on 5 July 2000.

Second Consolidated Rules registered on 15 August 2007 and effective from 1 January 2007.

Third Consolidated Rules registered on 22 February 2013 and effective from 3 October 2012.

Fourth Consolidated Rules registered on 26 July 2019 and effective from 1 March 2019.

Fifth Consolidated Rules registered on and effective from 1 September 2024.

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RULES OF THE MUNICIPAL GRATUITY FUND

1. INTERPRETATION

- (1) In these Rules, unless the context otherwise indicates, the following words shall have the meanings assigned to it -

"ACT" the Pension Funds Act and the Regulations issued under this Act;

"ACTUARY" a valuator appointed by the BOARD in terms of section 9A of the ACT;

"ADMINISTRATOR" the Administrator as contemplated in Rule 23A;

"ALTERNATE" the alternate to a REPRESENTATIVE on the GENERAL COMMITTEE;

"ANNUAL MEETING" the meeting as referred to in Rule 6;

"APPROVED FUND" an APPROVED PENSION FUND, APPROVED PROVIDENT FUND or APPROVED RETIREMENT ANNUITY FUND;

"APPROVED MUNICIPAL RETIREMENT FUND" a fund registered in terms of the ACT, or a fund established pursuant to a collective agreement concluded by a LOCAL AUTHORITY in terms of the Labour Relations Act, approved by the COMMISSIONER as a pension fund as contemplated in paragraph (a) of the definition of "pension fund" in section 1 of the INCOME TAX ACT, as agreed upon between a LOCAL AUTHORITY and the EMPLOYEES of that LOCAL AUTHORITY;

"APPROVED PENSION FUND" a pension fund as defined in the INCOME TAX ACT;

"APPROVED PRESERVATION FUND" a pension preservation fund or a provident preservation fund as defined in the INCOME TAX ACT;

"APPROVED PROVIDENT FUND" a provident fund as defined in the INCOME TAX ACT;

"APPROVED RETIREMENT ANNUITY FUND" a retirement annuity fund approved as such by the Revenue Authorities;

"ASSOCIATED FUND" the Munpen Retirement Fund;

"AUDITOR" the Auditor appointed in terms of these Rules;

"AUTHORITY" the Financial Sector Conduct Authority established in terms of section 56 of the Financial Sector Regulation Act;

"BOARD" the Board of the FUND contemplated in Rule 4 and any subcommittee thereof, acting under powers delegated to it;

"BOARD MEMBER" the chairman, vice-chairman or any other member of the BOARD;

"BENEFICIARY" a nominee of a MEMBER, or his dependant as defined in the ACT, who is or may become entitled to a benefit from the FUND;

"CALCULATION DATE" the date on which the ADMINISTRATOR disinvests the MEMBER'S benefit from the EXIT PORTFOLIO and calculates the MEMBER'S benefit for purposes of applying for a tax directive from the COMMISSIONER;

"CALENDAR MONTH" a period from the first to the last day of any month, both days inclusive;

"CODE OF CONDUCT" the code of conduct signed by every BOARD MEMBER upon them taking up office;

"COMMENCEMENT DATE" 1 January 1994;

"COMMISSIONER" the Commissioner for the South African Revenue Service;

"CONTRIBUTIONS" in relation to any refund of contributions, do not include interest;

"DATA AND OPERATIONAL ACCOUNT" the account as set out in Rule 30(4);

"DEFAULT INVESTMENT PORTFOLIO" the investment portfolio referred to in Rule 16A(1), selected by the BOARD, which complies with the requirements set out in the DEFAULT REGULATIONS;

"DEFAULT REGULATIONS" the amendments to the Regulations issued under section 36 of the ACT and published in Government Gazette No. 863 on 25 August 2017;

"DISINVEST" in the case where the MEMBER'S FUND CREDIT is invested in an investment portfolio other than the EXIT PORTFOLIO or a MEMBER CHOICE INVESTMENT PORTFOLIO that provides a guaranteed return, the disinvestment of the MEMBER'S FUND CREDIT or a portion thereof from the investment portfolio in which it was invested. Upon the finalisation of this process, the MEMBER'S FUND CREDIT, or the relevant portion thereof in the case of a SAVINGS WITHDRAWAL BENEFIT being payable, will be placed in the EXIT PORTFOLIO until the CALCULATION DATE, or, in the case of a transfer to another fund in terms of section 14 of the ACT, until the approval of the section 14 application by the AUTHORITY. Disinvestment shall be effected within 5 working days, except when circumstances beyond the control of the ADMINISTRATOR results in unforeseen delays, in which event it shall be effected as soon as reasonably possible;

"ELECTRONIC WITHDRAWAL NOTIFICATION" the electronic notification relating to a SAVINGS WITHDRAWAL BENEFIT or a MEMBER leaving the FUND, submitted via the ADMINISTRATOR'S web-based administration system;

"EMPLOYEE" any person employed by a LOCAL AUTHORITY who has attained the age of sixteen years but not the age of sixty five years, excluding:

- (i) a relief labourer in respect of whom a subsidy is received from the State,
- (ii) a person who is employed for the duration or any part of the vacation of any educational institution;
- (iii) a person who has been discharged due to ill-health and who has elected not to become a MEMBER of the FUND;
- (iv) a person who is or who has elected to become a member of an APPROVED MUNICIPAL RETIREMENT FUND; and
- (v) a person who is employed on a part-time or temporary basis;

"EMPLOYEES' REPRESENTATIVE" a representative elected in terms of Rule 5(3) or appointed in terms of Rule 11(2)(c);

"EMPLOYER RESERVE ACCOUNT" the account established to provide for LOCAL AUTHORITY reserves as set out in Rule 30(5);

"EMPLOYERS' REPRESENTATIVE" a representative referred to in Rule 5(2)(a);

"EXIT PORTFOLIO" the portfolio or range of portfolios selected by the COMMITTEE wherein a MEMBER'S benefit is to be invested from the date of receipt of confirmation by the ADMINISTRATOR of the MEMBER'S FUND CREDIT or a portion thereof in the case of a SAVINGS WITHDRAWAL BENEFIT having been DISINVESTED up to and including the CALCULATION DATE;

"FINANCIAL YEAR" the period from 1 July to 30 June of any year, both days inclusive: Provided that the period commencing on 1 January 1999 and terminating on 30 June 1999 shall form part of the 1998 financial year;

"FUND" the Municipal Gratuity Fund;

"FUND CREDIT" for each MEMBER at any particular date, his portion of the SHARE ACCOUNT as contemplated in Rule 30(1);

"GENERAL COMMITTEE" the general committee referred to in Rule 5;

"INCOME TAX ACT" the Income Tax Act 58 of 1965, as amended from time to time;

"INSURER" an insurer registered in terms of the Insurance Act to transact life business;

"INTEREST" daily compound interest at a rate determined by the BOARD from time to time: Provided that different rates of interest may be determined in respect of different Rules;

"LOCAL AUTHORITY" a local authority as defined in section 1 of the INCOME TAX ACT and in respect of a MEMBER contemplated in Rule 24(4), the FUND;

"MANUAL WITHDRAWAL NOTIFICATION" a properly signed withdrawal form, in the format as determined by the BOARD, relating to a MEMBER leaving the FUND;

"MEDICAL DISABILITY" an infirmity of mind or body which results in the MEMBER being totally and permanently incapable of discharging the duties for which he was appointed, and (with or without further training) any other duties which he would reasonably be capable of discharging by virtue of his training and/or experience: Provided that a disability shall not be total or permanent if it resulted from –

- (i) elective surgery;
- (ii) alcoholism;
- (iii) addiction to narcotic drugs or other substances, or
- (iv) a self-inflicted condition or injury,

and/or can be substantially removed by surgery or any other medical treatment which the MEMBER, with due allowance for the risk and prognosis of success of such treatment, can reasonably be expected to undergo.

"MEMBER" a person who, having been admitted to membership of the FUND in terms of Rule 24, has not ceased to be a MEMBER in terms of these Rules: Provided that the word "MEMBER" shall include any person who was a MEMBER on 14 November 2000 and whose contract of employment has been transferred to or who is employed by an UAC: Provided further that the employer of such person shall be deemed to be a LOCAL AUTHORITY for purposes of these Rules;

"MEMBER RESERVE ACCOUNT" the account established to provide for MEMBER reserves as set out in Rule 30(6);

"MUNICIPAL MANAGER" the chief executive officer of a LOCAL AUTHORITY regardless of the designation of the post occupied by that officer;

"MUNPEN FUND" the Munpen Retirement Fund, a pension fund registered by the AUTHORITY and approved as such by the Revenue Authorities;

"NON-VESTED BENEFIT" that portion of a MEMBER'S FUND CREDIT comprising of the portion of his vested component that was subject to annuitisation, transferred from an APPROVED PENSION FUND, APPROVED PROVIDENT FUND or an APPROVED PRESERVATION FUND, plus the growth on it;

"NORMAL RETIREMENT AGE" sixty five years in respect of both male and female MEMBERS;

"NORMAL RETIREMENT DATE" the day on which the MEMBER reaches NORMAL RETIREMENT AGE;

"PAID-UP MEMBER" a MEMBER whose benefit has been retained in the FUND in terms of Rule 34(7);

"PENSION FUND" the Joint Municipal Pension Fund;

"PREVIOUS EMPLOYER":

the United Municipal Executive of South Africa,
 the Municipal Association of Transvaal,
 the South African Institute of Organization and Methods,
 Munimed (Tvl),
 the Employers Organisation for Local Authorities,
 the PENSION FUND,
 Transvaal Local Government Association,
 the State in so far as it is the employer of a MEMBER who has been transferred
 to the civil service and who was previously in the service of a development body
 as defined in the Abolition of Development Bodies Act,
 the Transvaal Provincial Administration in so far as it is the employer of
 MEMBERS of the FUND;

"PRINCIPAL OFFICER" the principal officer of the FUND;

"PRIVATE FUND" the Private Enterprises Retirement Fund;

"PROCESSING ACCOUNT" the account as set out in Rule 30(2);

"PROPERTY COMPANY" a company whose main assets comprise fixed
 property, or one whose main assets comprise investments in the shares in, or
 loans to such companies;

"REPRESENTATIVE" a representative appointed or elected in terms of Rule 5;

"RETIREMENT COMPONENT" that portion of a MEMBER'S FUND CREDIT
 as contemplated in the definition of "retirement component" in section 1(1) of
 the Income Tax Act, comprising of:

- (i) two-thirds of the MEMBER'S CONTRIBUTIONS due to the FUND from
 1 September 2024: Provided that any charges and risk premiums
 deductible against such CONTRIBUTIONS will not be taken into account;
- (ii) plus any vested component transferred from an APPROVED PENSION
 FUND, an APPROVED PROVIDENT FUND or an APPROVED
 PRESERVATION FUND into this component;

- (iii) plus any savings component transferred from an APPROVED PENSION FUND, an APPROVED PROVIDENT FUND or an APPROVED PRESERVATION FUND into this component;
- (iv) plus any part of the MEMBER'S FUND CREDIT transferred from his VESTED COMPONENT into this component;
- (v) plus any part of the MEMBER'S FUND CREDIT transferred from his SAVINGS COMPONENT into this component;
- (vi) plus the growth on (i) to (v);
- (vii) less the proportionate deductions under section 37D of the ACT;

"RETIREMENT FUND" the Municipal Employees Pension Fund;

"REVERTED UNCLAIMED BENEFITS ACCOUNT" the account as set out in Rule 30(7); "RISK ACCOUNT" the account as set out in Rule 30(3);

"SALARY" the MEMBER'S annualised pensionable remuneration as determined by his LOCAL AUTHORITY, based on his remuneration under a contract of service, but excluding payment for overtime, any bonus or any allowance: Provided that for purposes of benefits as contemplated in Rules 33(1) and 35(4), the annual growth of a MEMBER'S SALARY over the last three years of SERVICE will be limited to a maximum of 10 per cent per annum, unless the MEMBER'S total remuneration growth over the last three years of SERVICE exceeded 10 per cent per annum, in which event that higher growth rate will be applied: Provided further that for purposes of the calculation of death benefits under Rule 33(1) and MEDICAL DISABILITY benefits under Rule 35, where the MEMBER'S remuneration has been reduced as a result of his ill-health, his remuneration shall be deemed to be the remuneration immediately before such reduction, unless otherwise decided by the BOARD;

"SAVINGS COMPONENT" that portion of a MEMBER'S FUND CREDIT as contemplated in the definition of "savings component" in section 1(1) of the Income Tax Act, comprising of:

- (i) a once-off amount equal to 10% of the MEMBER'S VESTED COMPONENT, limited to R30 000: Provided that this amount will be calculated proportionately between the MEMBER'S VESTED BENEFIT and NON-VESTED BENEFIT as at 31 August 2024, if applicable, and allocated to this component on that date;

- (ii) plus one-third of the MEMBER'S CONTRIBUTIONS due to the FUND from 1 September 2024: Provided that any charges and risk premiums deductible against such CONTRIBUTIONS will not be taken into account;
- (iii) plus any savings component transferred from an APPROVED PENSION FUND, an APPROVED PROVIDENT FUND or an APPROVED PRESERVATION FUND;
- (iv) less any part of the MEMBER'S FUND CREDIT transferred from this component into his RETIREMENT COMPONENT;
- (v) less any SAVINGS WITHDRAWAL BENEFIT;
- (vi) plus the growth on (i) to (v);
- (vii) less the proportionate deductions under section 37D of the ACT;

"SAVINGS WITHDRAWAL BENEFIT" the benefit contemplated in Rule 34(1);

"SERVICE" service with a LOCAL AUTHORITY while being a MEMBER of the FUND, the PENSION FUND, the RETIREMENT FUND or the MUNPEN FUND: Provided that -

- (a) the following shall not constitute a break in service:
 - (i) authorised leave of absence;
 - (ii) a break in service regarded as leave without pay, or otherwise condoned by the BOARD on such conditions as may be determined by the BOARD;
 - (iii) a period of suspension followed by reinstatement in the same or another post;
 - (iv) a break in service whilst transferring from one LOCAL AUTHORITY to another in terms of Rule 38, if condoned by the BOARD;
 - (v) a break in service whilst transferring from a local authority not associated with the FUND to a LOCAL AUTHORITY, if condoned by the BOARD;
- (b) the service referred to in Rule 42(1)(d) shall be included for purposes hereof;

- (c) subject to paragraph (b) above, any period in respect of which a MEMBER has not paid CONTRIBUTIONS to the FUND shall not be taken into account in calculating the period of his SERVICE; and
- (d) the period of SERVICE shall be calculated by the year and month and a fraction of a month shall be disregarded;

"SHARE ACCOUNT" the account as set out in Rule 30(3);

"TRANSFER VALUE" an amount transferred from an APPROVED PENSION FUND, APPROVED PROVIDENT FUND or APPROVED PRESERVATION FUND, for a group of MEMBERS or an individual MEMBER, as the case may be

"UAC" a municipal entity as defined in the Local Government: Municipal Systems Act or any other utility, agency or corporate entity of a similar nature;

"VESTED BENEFIT" that portion of a MEMBER'S FUND CREDIT as at 31 August 2024 if the MEMBER has been a MEMBER of the FUND on 1 March 2021 plus the portion of his FUND CREDIT transferred from an APPROVED PENSION FUND, APPROVED PROVIDENT FUND or APPROVED PRESERVATION FUND that was not subject to annuitisation, plus the growth on it;

"VESTED COMPONENT" that portion of a MEMBER'S FUND CREDIT as contemplated in the definition of "vested component" in section 1(1) of the Income Tax Act, comprising of;

- (i) the MEMBER'S FUND CREDIT as at 31 August 2024;
- (ii) plus any CONTRIBUTIONS due and payable before 1 September 2024 but received after that date: Provided that any charges and risk premiums deductible against such CONTRIBUTIONS will not be taken into account;
- (iii) less the amount transferred to his SAVINGS COMPONENT as referred to in paragraph (i) of the definition SAVINGS COMPONENT;
- (iv) plus any vested component transferred from an APPROVED FUND or an APPROVED PRESERVATION FUND;
- (v) less any part of the MEMBER'S FUND CREDIT transferred from this component into his RETIREMENT COMPONENT;

(vi) plus the growth on (i) to (v);

(vii) less the proportionate deductions under section 37D of the ACT;

"WITHDRAWAL BENEFIT" the benefit contemplated in Rule 34(2);

"WITHDRAWAL NOTIFICATION" the ELECTRONIC WITHDRAWAL NOTIFICATION or the MANUAL WITHDRAWAL NOTIFICATION.

- (2) The headings are used for reference only and shall in no way be deemed to explain, to modify, to amplify or to aid in the interpretation of these Rules and, unless the context otherwise indicates, words importing the masculine gender shall include the feminine gender and *vice versa*, and words importing the singular shall include the plural, and *vice versa*.

2. OBJECT, BODY CORPORATE, REGISTERED OFFICE AND BINDING FORCE

- (1) The object of the FUND is to provide retirement and other benefits for MEMBERS of the FUND and the BENEFICIARIES of such MEMBERS as set out in these RULES.
- (2) The FUND is a body corporate capable of suing and being sued in its own name and of performing all acts which may be reasonably necessary for or ancillary to the exercise of its powers or the performance of its functions in terms of these Rules.
- (3) The registered office of the FUND shall be situated at Block 14, Bedfordview Office Park, 3 Riley Road, Bedfordview, or such other place as the BOARD may from time to time determine.
- (4) These Rules shall be binding on the FUND and the MEMBERS and officers and BOARD MEMBERS thereof, on LOCAL AUTHORITIES and on any person who claims under the Rules or whose claim is derived from a person so claiming.

3. SOURCES OF THE FUND

The sources of the FUND shall consist of -

- (1) CONTRIBUTIONS paid to the FUND in terms of these Rules;
- (2) income derived from the investment of moneys of the FUND; and
- (3) any other moneys or assets to which the FUND may become entitled.

4. CONTROL OF THE FUND

The control and management of the FUND shall vest in the BOARD elected in terms of Rule 8.

5. CONSTITUTION OF THE GENERAL COMMITTEE

- (1) A GENERAL COMMITTEE shall be constituted as provided in this Rule.
- (2) (a) The MUNICIPAL MANAGER of every LOCAL AUTHORITY which on 30 June 2012 and every fourth year thereafter employs more than one MEMBER, acting on the instruction of the Council of that LOCAL AUTHORITY, shall designate one EMPLOYERS' REPRESENTATIVE together with one ALTERNATE for such EMPLOYERS' REPRESENTATIVE on the GENERAL COMMITTEE, and he shall record such designation on the return contemplated in sub-Rule (11)(a).
 - (b) Such EMPLOYERS' REPRESENTATIVE or ALTERNATE shall be a Councillor of the LOCAL AUTHORITY concerned: Provided that in the case of an UAC, the EMPLOYERS' REPRESENTATIVE or ALTERNATE shall be a director of the UAC.
- (3) The MEMBERS of every LOCAL AUTHORITY which on 30 June 2012 and every fourth year thereafter employs more than one MEMBER, shall in the manner determined by the MUNICIPAL MANAGER of that LOCAL AUTHORITY, elect from among themselves one EMPLOYEES' REPRESENTATIVE for every 500 MEMBERS or a part thereof and one ALTERNATE for each such EMPLOYEES' REPRESENTATIVE on the GENERAL COMMITTEE, and he shall record such designation on the return contemplated in sub-Rule (11)(a).
- (4) If a REPRESENTATIVE referred to in sub-Rule (2) or (3) cannot be present at any meeting of the GENERAL COMMITTEE by reason of the vacation of his office as such REPRESENTATIVE or for any other reason, his ALTERNATE shall act in his stead at such meeting and he shall be entitled to vote.
- (5) No ALTERNATE designated or elected in terms of sub-Rule (2) or (3) shall have the right to vote on the GENERAL COMMITTEE or have any other power, unless he acts in the stead of a REPRESENTATIVE at a particular meeting.
- (6) (a) Not later than seventy five days prior to the ANNUAL MEETING held in 2012 and every fourth year thereafter, the MUNICIPAL MANAGER shall request all MEMBERS employed by the LOCAL AUTHORITY concerned in writing to nominate MEMBERS employed by the LOCAL AUTHORITY concerned to act as EMPLOYEES' REPRESENTATIVE and ALTERNATES.

- (b) Nominations shall be made on nomination forms, in the format as determined by the MUNICIPAL MANAGER, providing for the following:
 - (i) the full names of the MEMBER who makes the nomination;
 - (ii) the full names of the nominee;
 - (iii) the residential address, postal address and telephone number of the nominee; and
 - (iv) written acceptance of such nomination by the nominee.
- (7) The MUNICIPAL MANAGER –
 - (a) accepts every nomination in respect of which the requirements referred to in sub-Rule (6) have been complied with, if the nominee has honoured all his obligations in terms of these Rules; and
 - (b) compiles a nomination list which –
 - (i) contains, in alphabetical order, the names of the candidates, and
 - (ii) is numbered consecutively.
- (8) (a) The MUNICIPAL MANAGER shall, not later than sixty days prior to the ANNUAL MEETING of the year concerned (the “ELECTION DAY”), provide every MEMBER with a nomination list and ballot paper (in the format as determined by the MUNICIPAL MANAGER) with the request that each MEMBER elects one person on the nomination list as EMPLOYEES’ REPRESENTATIVE.
- (b) On the ELECTION DAY each MEMBER desiring to record his vote, shall make a mark against the name of one candidate whom he desires to elect and return the ballot paper to the MUNICIPAL MANAGER.
- (9) The MUNICIPAL MANAGER shall appoint two persons as counting officers to assist him in the counting of the votes, which shall take place not later than the day after the ELECTION DAY.
- (10) The candidate with the highest number of votes will be duly elected as EMPLOYEES’ REPRESENTATIVE, whilst the candidate with the following highest number of votes will be duly elected as ALTERNATE. Where there are more than 500 MEMBERS, the number of candidates as contemplated in sub-Rule (3) with the highest numbers of votes will be duly elected as EMPLOYEES’ REPRESENTATIVES, whilst the candidates with the following highest numbers will be duly elected as ALTERNATE.

- (11) (a) Upon completion of the counting of the ballot-papers, the MUNICIPAL MANAGER and the counting officers shall prepare a return showing the result of the election. This return shall, subject to the provisions of paragraph (b), contain a declaration signed by the MUNICIPAL MANAGER that the provisions of sub-Rule (10) have been complied with.
 - (b) Should there be a tie in the voting during the above-mentioned election, the MUNICIPAL MANAGER shall determine the result by lot and he shall record the result of the lot on the return referred to in paragraph (a).
 - (c) The MUNICIPAL MANAGER shall send such return to the PRINCIPAL OFFICER to reach him not later than forty five days prior to the ANNUAL MEETING of the year concerned: Provided that returns may be accepted within a shorter period prior to the ANNUAL MEETING: Provided further that a return may only be accepted on the date of the ANNUAL MEETING if it is condoned by the GENERAL COMMITTEE.
 - (d) Upon completion of the poll, the MUNICIPAL MANAGER shall enclose in one parcel all used, spoilt and unused ballot-papers and counterfoils, seal it and keep it unopened in safe custody for a period of twelve months, whereafter the parcel shall be destroyed unopened in the presence of a senior official of the LOCAL AUTHORITY concerned.
- (12) The MUNICIPAL MANAGER may authorise any official of the LOCAL AUTHORITY concerned to exercise any power and carry out any duty in terms of this Rule on his behalf.

6. ANNUAL MEETING OF THE GENERAL COMMITTEE

- (1) The PRINCIPAL OFFICER shall convene a meeting of the GENERAL COMMITTEE to be held within six months from the end of each FINANCIAL YEAR by giving at least twenty one days' written notice to each REPRESENTATIVE: Provided that –
 - (a) should the return referred to in Rule 5(11)(c) not reach the PRINCIPAL OFFICER at least thirty days prior to the ANNUAL MEETING of a particular year, such information must be conveyed to the persons concerned as soon as possible after such return reached the PRINCIPAL OFFICER;
 - (b) should it by 1 August not be legally possible or practical to convene an ANNUAL MEETING and such impossibility has been removed so that the ANNUAL MEETING is allowed to be convened by 31 December, the ANNUAL MEETING will be postponed to no later than 30 April of the following year, or
 - (c) should it by 1 August not be legally possible or practical to convene an ANNUAL MEETING and such impossibility has not been removed to enable the ANNUAL MEETING to be convened by 31 December, no ANNUAL MEETING for that year will be convened.
- (2) The ANNUAL MEETING shall be attended only by the REPRESENTATIVES or their ALTERNATES acting in their stead: Provided that the BOARD MEMBERS attending the ANNUAL MEETING shall do so in their capacities as BOARD MEMBERS and as REPRESENTATIVES.
- (3) The purpose of such ANNUAL MEETING shall be to elect BOARD MEMBERS in the stead of BOARD MEMBERS whose terms of office for that particular year have expired, to accept and approve financial statements, and to make recommendations to the BOARD on any matter relating to the business and activities of the FUND.
- (4) If a REPRESENTATIVE, or his ALTERNATE acting in his stead, wishes to discuss any matter referred to in sub-Rule (3) at such meeting, he shall give written notice to that effect to the PRINCIPAL OFFICER. The REPRESENTATIVE, or his ALTERNATE acting in his stead, shall ensure that such notice is in the possession of the PRINCIPAL OFFICER at least fourteen days prior to the ANNUAL MEETING of the year concerned:

Provided that such notice may be accepted within a shorter period prior to the ANNUAL MEETING: Provided further that such notice may only be accepted on the date of the ANNUAL MEETING if it is condoned by the GENERAL COMMITTEE.

7. CHAIRMAN OF THE GENERAL COMMITTEE

- (1) The chairman of the BOARD or, in his absence the vice-chairman of the BOARD, shall preside at any meeting of the GENERAL COMMITTEE.
- (2) In the absence of both the chairman and the vice-chairman, a BOARD MEMBER elected by the present REPRESENTATIVES and ALTERNATES will preside at that particular meeting of the GENERAL COMMITTEE.
- (3) After the chairman has satisfied himself at the commencement of such meeting that every REPRESENTATIVE or ALTERNATE present at the meeting has been duly appointed or elected in terms of Rule 5, he declares the meeting legally constituted.
- (4) The chairman of a meeting of the GENERAL COMMITTEE shall have a casting vote in addition to his deliberative vote.

8. ELECTION OF BOARD, CHAIRMAN, VICE-CHAIRMAN AND EXECUTIVE COMMITTEE

- (1) From 01 May 2012 to 31 May 2015 the BOARD shall consist of thirteen BOARD MEMBERS of whom -
 - (a) two BOARD MEMBERS shall be EMPLOYERS' REPRESENTATIVES;
 - (b) one BOARD MEMBER shall be appointed by the South African Local Authorities Association and its legal successor, being the national organisation as contemplated in section 2(a) of the Organised Local Government Act;
 - (c) seven BOARD MEMBERS shall be EMPLOYEES' REPRESENTATIVES; and
 - (d) three BOARD MEMBERS shall be independent persons who, in the discretion of the BOARD, have knowledge and experience of municipal and/or pension and/or economical and/or financial matters.
- (2)
 - (a) At the ANNUAL MEETING held in 2012 and every second ANNUAL MEETING thereafter, one EMPLOYERS' REPRESENTATIVE shall, by way of voting per secret ballot, be elected as BOARD MEMBER by the EMPLOYERS' REPRESENTATIVES present at the meeting from among themselves.
 - (b) At the ANNUAL MEETING held in 2012, three EMPLOYEES' REPRESENTATIVES shall, by way of voting per secret ballot, be elected as BOARD MEMBERS by the EMPLOYEES' REPRESENTATIVES present at the meeting from among themselves.
 - (c) At the ANNUAL MEETINGS held in 2013 and 2014, two EMPLOYEES' REPRESENTATIVES shall, by way of voting per secret ballot, be elected as BOARD MEMBERS by the EMPLOYEES' REPRESENTATIVES present at the meeting from among themselves.
 - (d) At the ANNUAL MEETING held in 2016 and every ANNUAL MEETING thereafter, excluding every fourth ANNUAL MEETING, two EMPLOYEES' REPRESENTATIVES shall, by way of voting per secret ballot, be elected as BOARD MEMBER by the EMPLOYEES' REPRESENTATIVES present at the meeting from among themselves.

- (e) In the event of an ANNUAL MEETING being postponed or not convened as provided for in Rules 6(1)(b) and (c), the election of BOARD MEMBERS that should have taken place at that ANNUAL MEETING will be carried forward to the first following ANNUAL MEETING.
- (3) Before 31 January 2013, and 31 January of every subsequent fourth year, the BOARD then serving shall appoint the BOARD MEMBERS as envisaged in sub-Rule (1)(d) above.
- (4) From 01 June 2015 the BOARD shall consist of twelve BOARD MEMBERS of whom -
 - (a) two BOARD MEMBERS shall be EMPLOYERS' REPRESENTATIVES;
 - (b) seven BOARD MEMBERS shall be EMPLOYEES' REPRESENTATIVES; and
 - (c) three BOARD MEMBERS shall be independent persons who, in the discretion of the BOARD, have knowledge and experience of municipal and/or pension and/or economical and/or financial matters.
- (5) A BOARD MEMBER shall hold office for a period of four years.
- (6) At the first meeting of the BOARD held after the closing of each ANNUAL MEETING, the BOARD shall elect a chairman and vice-chairman from its own ranks by way of voting per secret ballot: Provided that the chairman shall not be elected from the ranks of the EMPLOYERS' REPRESENTATIVES for two consecutive years.
- (7) Should there be a tie in the voting during the elections contemplated in Rule 8(2) or the appointment envisaged in Rule 8(3), the result of the respective elections or appointment, as the case may be, shall be determined by the drawing of lots by the PRINCIPAL OFFICER of the FUND.
- (8) A BOARD MEMBER shall be entitled to a fee in respect of costs incurred relating to the activities of the FUND, a remuneration for the attendance of meetings and a retention incentive, payable when the BOARD MEMBER vacates his office, as determined by the BOARD from time to time.

- (9) At the first meeting of the BOARD held after the closing of each ANNUAL MEETING, the BOARD shall elect two BOARD MEMBERS from its own ranks by way of voting per secret ballot to be part of an Executive Committee. The chairman and vice-chairman elected in terms of Rule 8(6) will automatically be members of this Executive Committee. The Executive Committee will have the powers bestowed on them by the BOARD, which will be set out in a charter.

9. PERIOD OF OFFICE OF BOARD MEMBERS AND REPRESENTATIVES ON THE GENERAL COMMITTEE

(1) A BOARD MEMBER –

- (a) elected in terms of Rule 8(2), accepts his office immediately after the close of the ANNUAL MEETING during which he was elected and vacates his office immediately after the close of the ANNUAL MEETING of the year in which his term of office expires, but may be re-elected;
- (b) appointed in terms of Rule 8(3), accepts his office on 1 February of the year in which he was appointed and vacates his office on 31 January four years later, but may be re-appointed; and
- (c) whose term of office will expire in the year in which an ANNUAL MEETING is postponed or not convened as provided for in Rule 6(1)(b) and (c), will vacate his office immediately after the close of the first following ANNUAL MEETING, but may be re-appointed.

- (2) (a) A REPRESENTATIVE on the GENERAL COMMITTEE shall take office immediately before the opening of the first ANNUAL MEETING after his appointment or election and vacate his office immediately before the opening of the ANNUAL MEETING of the year referred to in Rule 5(6)(a): Provided that if an ANNUAL MEETING is postponed or not convened as provided for in Rules 6(1)(b) and (c), he will vacate his office immediately after the close of the first following ANNUAL MEETING.
- (b) An ALTERNATE for a REPRESENTATIVE shall remain an ALTERNATE for the period contemplated in paragraph (a).

- (3) REPRESENTATIVES on the GENERAL COMMITTEE and ALTERNATES, as the case may be, may be re-elected or re-appointed.

10. VACATING OF OFFICE BY BOARD MEMBERS

- (1) A BOARD MEMBER shall vacate his office if -
 - (a) he resigns or dies;
 - (b) in the case of an EMPLOYERS' REPRESENTATIVE, he ceases to be a Councillor for the LOCAL AUTHORITY of which he was a Councillor when he became an EMPLOYERS' REPRESENTATIVE: Provided that for the purpose of applying this provision it shall be deemed that a BOARD MEMBER who, as a result of any statutory provision ceases to be a Councillor immediately before a municipal election but is re-elected as Councillor at such municipal election, was a Councillor without any interruption;
 - (c) in the case of a BOARD MEMBER who is an EMPLOYEES' REPRESENTATIVE, he ceases to be a MEMBER of the FUND;
 - (d) in the case of a BOARD MEMBER who is an independent person, he becomes a Councillor of a LOCAL AUTHORITY or a director of an UAC, a MEMBER or an employee, director, partner or representative of a service provider of the FUND;
 - (e) his estate is sequestrated, he is found guilty of a criminal offence of which dishonesty is an element, or is declared unfit to manage his own affairs by a capable Court;
 - (f) he is suspended from his position as Councillor of a LOCAL AUTHORITY or director of an UAC, employee of a LOCAL AUTHORITY, or the position of office he holds as independent person;
 - (g) he is absent from three consecutive meetings of the BOARD without the consent of such BOARD; and/or
 - (h) he is found to be in breach of the CODE OF CONDUCT by the other BOARD MEMBERS after they have given him a fair hearing and, in considering the seriousness of the breach, they determined it to be the appropriate remedy.
- (2) (a) In the case of a vacancy in respect of a BOARD MEMBER who is an EMPLOYERS' REPRESENTATIVE, –

- (i) if the period from the date on which the vacancy arises to the next ANNUAL MEETING is shorter than the period prescribed by the AUTHORITY, the vacancy shall be filled by the EMPLOYERS' REPRESENTATIVES present at the ANNUAL MEETING from among themselves, in the manner set out in Rule 8; or
 - (ii) if the period from the date on which the vacancy arises to the next ANNUAL MEETING is longer than the period prescribed by the AUTHORITY, the vacancy shall be filled from the ranks of the EMPLOYERS' REPRESENTATIVES by the remaining EMPLOYERS' REPRESENTATIVES who are BOARD MEMBERS: Provided that if no such remaining BOARD MEMBERS being EMPLOYERS' REPRESENTATIVES remain, the vacancy shall be filled by the remaining BOARD MEMBERS who are EMPLOYEES' REPRESENTATIVES from the ranks of the EMPLOYERS' REPRESENTATIVES.
- (b) In the case of a vacancy in respect of a BOARD MEMBER who is an EMPLOYEES' REPRESENTATIVE, –
 - (i) if the period from the date on which the vacancy arises to the next ANNUAL MEETING is shorter than the period prescribed by the AUTHORITY, the vacancy shall be filled by the EMPLOYEES' REPRESENTATIVES present at the ANNUAL MEETING from among themselves, in the manner set out in Rule 8; or
 - (ii) if the period from the date on which the vacancy arises to the next ANNUAL MEETING is longer than the period prescribed by the AUTHORITY, the vacancy shall be filled from the ranks of the EMPLOYEES' REPRESENTATIVES by the remaining EMPLOYEES' REPRESENTATIVES who are BOARD MEMBERS: Provided that if no such remaining BOARD MEMBERS being EMPLOYEES' REPRESENTATIVES remain, the vacancy shall be filled by the remaining BOARD MEMBERS who are EMPLOYERS' REPRESENTATIVES from the ranks of the EMPLOYEES' REPRESENTATIVES.
- (c) In the case of a vacancy in respect of a BOARD MEMBER appointed in terms of Rule 8(3), a BOARD MEMBER from the category concerned shall be appointed by the remaining BOARD MEMBERS.

- (3) A vacancy for a BOARD MEMBER will be filled within the period prescribed by the AUTHORITY. A vacancy will not invalidate the decisions taken by the BOARD during that period, provided that the quorum requirement as set out in Rule 13(1) is met.
- (4) A BOARD MEMBER appointed or elected to fill a vacancy on the BOARD, holds office for the unexpired portion of the period for which his predecessor was appointed or elected.
- (5) If the BOARD MEMBER who vacates his office is a chairman or vice-chairman, the BOARD shall elect a chairman or vice-chairman from among its members.
- (6) A BOARD MEMBER being an EMPLOYERS' REPRESENTATIVE may be removed from office before the expiration of his period of office by a majority decision of the EMPLOYERS' REPRESENTATIVES present at an ANNUAL MEETING, *mutatis mutandis* in accordance with the provisions of section 220 of the Companies Act. The resultant vacancy shall be filled by way of voting per secret ballot by the EMPLOYERS' REPRESENTATIVES present at the meeting from among themselves.
- (7) A BOARD MEMBER being an EMPLOYEES' REPRESENTATIVE may be removed from office before the expiration of his period of office by a majority decision of the EMPLOYEES' REPRESENTATIVES present at an ANNUAL MEETING, *mutatis mutandis* in accordance with the provisions of section 220 of the Companies Act. The resultant vacancy shall be filled by way of voting per secret ballot by the EMPLOYEES' REPRESENTATIVES present at the meeting from among themselves.
- (8) A BOARD MEMBER appointed in terms of Rule 8(3) may be removed from office before the expiration of his period of office by a majority decision of the BOARD, *mutatis mutandis* in accordance with the provisions of section 220 of the Companies Act. The resultant vacancy shall be filled by way of voting per secret ballot by all the remaining BOARD MEMBERS present at the meeting, from the category concerned.

11. VACATING OF OFFICE BY REPRESENTATIVE OR ALTERNATE ON THE GENERAL COMMITTEE

- (1) A REPRESENTATIVE or ALTERNATE shall cease to hold office -
 - (a) if he resigns or dies;
 - (b) in the case of an EMPLOYERS' REPRESENTATIVE, if he ceases to be a Councillor: Provided that for the purpose of applying this provision it shall be deemed that a BOARD MEMBER who, as a result of any statutory provision ceases to be a Councillor immediately before a municipal election but is re-elected as Councillor at such municipal election, was a Councillor without any interruption;
 - (c) in the case of an EMPLOYEES' REPRESENTATIVE or ALTERNATE, in the event of his ceasing to be a MEMBER of the FUND;
 - (d) if his estate is sequestrated, he is found guilty of a criminal offence of which dishonesty is an element, or is declared unfit to manage his own affairs by a capable Court.
- (2) Within sixty five days of the arising of a vacancy in terms of sub-Rule (1), such vacancy shall -
 - (a) in the case of an EMPLOYERS' REPRESENTATIVE or ALTERNATE, be filled in the manner determined in Rule 5(2);
 - (b) in the case of an EMPLOYEES' REPRESENTATIVE, be filled by the ALTERNATE: Provided that if there is no ALTERNATE, such vacancy shall be filled in the manner determined in Rules 5(6), (7) and (8); or
 - (c) in the case of an ALTERNATE to an EMPLOYEES' REPRESENTATIVE, be filled in the manner determined in Rules 5(6), (7) and (8).
- (3) A REPRESENTATIVE or ALTERNATE appointed to fill a vacancy on the GENERAL COMMITTEE, shall hold office for the unexpired portion of the period for which his predecessor was appointed or elected.

12. MEETINGS OF THE BOARD AND THE GENERAL COMMITTEE

- (1) (a) The BOARD shall hold an ordinary meeting as often as may be necessary for the dispatch of business, but at least six times a year, calculated from 1 July and at intervals of not more than ninety days.
 - (b) The PRINCIPAL OFFICER shall give at least fifteen days' written notice to every BOARD MEMBER of the time, date and place of each ordinary meeting.
- (2) The chairman may at any time and shall, at the written request of at least half of the number of BOARD MEMBERS controlling the FUND in terms of Rule 4, convene a special meeting of the BOARD within thirty days of such request and shall give seven days' prior written notice to every BOARD MEMBER of the time, date and place of such meeting and the purpose thereof.
- (3) In addition to the ANNUAL MEETING of the GENERAL COMMITTEE, the BOARD may at its discretion from time to time, or shall, at the written request of at least 25 per cent of the REPRESENTATIVES on the GENERAL COMMITTEE and subject to it being legally possible and practical, within thirty days of such request, convene a meeting of the GENERAL COMMITTEE for the purpose of making recommendations to the BOARD and the chairman shall ensure that seven days' prior written notice is given to every REPRESENTATIVE of the time, date and place of such meeting and the purpose thereof.
- (4) A motion submitted at any meeting of the BOARD shall be accepted if the majority of the BOARD MEMBERS present at the particular meeting, vote in favour of such motion. Such voting shall be by way of show of hands or, if requested by any BOARD MEMBER present at the meeting, by secret ballot.
- (5) The chairman will determine the procedure, order and turns to speak with regards to any meeting of the BOARD and the GENERAL COMMITTEE.

13. QUORUM AND MINUTES FOR MEETINGS OF THE BOARD AND THE GENERAL COMMITTEE

- (1) A quorum for a meeting of the BOARD will be formed by 7 BOARD MEMBERS, one of whom must be an independent BOARD MEMBER as contemplated in Rule 8(1)(d).
- (2) A quorum for a meeting of the GENERAL COMMITTEE shall be one quarter of the total number of REPRESENTATIVES.
- (3)
 - (a) If a quorum is not present at a scheduled meeting of the BOARD within thirty minutes from the time determined for the start of the meeting, the PRINCIPAL OFFICER may, if the provisions of paragraphs (a), (b) and (c) of sub-Rule (1) are complied with, extend the starting time of the meeting for not more than two hours, whereafter the BOARD MEMBERS present will form a quorum and proceed with the business of that meeting.
 - (b) If a quorum is not present at a scheduled meeting of the GENERAL COMMITTEE within thirty minutes from the time determined for the start of the meeting, the PRINCIPAL OFFICER may extend the starting time of the meeting for not more than two hours, whereafter the REPRESENTATIVES present will form a quorum and proceed with the business of that meeting.
- (4) Proper minutes shall be kept of all meetings. Minutes shall be signed by the chairperson of the meeting pertaining thereto and will be *prima facie* evidence of the business of such meeting.

14. VICE-CHAIRMAN AND ACTING CHAIRMAN OF THE BOARD

- (1) If the chairman is absent at any meeting of the BOARD, the vice-chairman shall act as chairman of that meeting.
- (2) If both the chairman and the vice-chairman are absent from any meeting of the BOARD, the BOARD MEMBERS present at that meeting shall elect from among themselves an acting chairman for that meeting.
- (3) In the event of a tie in voting, the chairman, vice-chairman or the acting chairman presiding at any meeting of the BOARD or the GENERAL COMMITTEE, as the case may be, shall have a casting vote in addition to his deliberative vote.

15. POWERS OF THE BOARD

- (1) Subject to the provisions of these Rules, the BOARD may -
 - (a) decide whether any person is qualified to be a MEMBER of the FUND;
 - (b) determine the method whereby the annual SALARY of hourly paid, daily paid, weekly paid and other MEMBERS shall be calculated for purposes of calculating the monthly CONTRIBUTIONS and give such directions in connection therewith as the BOARD may deem fit;
 - (c) settle all questions in respect of CONTRIBUTIONS not otherwise provided for in these Rules;
 - (d) decide upon the periods of SERVICE in respect of which CONTRIBUTIONS may be made;
 - (e) settle and decide upon any claim instituted by or against the FUND;
 - (f) authorise the payment of any claim made against the FUND;
 - (g) authorise the payment of any benefit payable in terms of these Rules;
 - (h) open banking accounts and use it in the customary manner;
 - (i) borrow money (including bank overdrafts) at interest or otherwise, for the purpose of bridging a temporary cash shortage or to complete an investment;
 - (j) institute or defend any legal proceedings in any court of law;
 - (k) perform any registration in any deeds office;
 - (l) appoint such officers as may be required for the proper control of the business of the FUND, prescribe the conditions of service of officers of the FUND and engage professional or other assistance for the FUND;
 - (m) purchase, sell, hire, let, borrow, lend and acquire in any other way, movable and immovable property for the use of the FUND;
 - (n) accept any property on behalf of the FUND by way of donation or bequest;
 - (o) write off any amount which is or may be due to the FUND and which, in the opinion of the BOARD, is irrecoverable or unprofitable to recover;
 - (p) receive, administer and apply the moneys of the FUND;
 - (q) appoint sub-committees and may delegate any of its powers to such sub-committees or any other person or the ADMINISTRATOR, subject to conditions determined by it;

- (r) insure any benefits for which provision is made in terms of these Rules, with an INSURER;
 - (s) do everything which is incidental or conducive to the attainment of the objectives of these Rules.
- (2) The BOARD may authorise and designate any of its BOARD MEMBERS and/or officers to sign any contract or other document binding the FUND or any document authorising any act on behalf of the FUND, subject to such conditions as it may impose: Provided that any document to be furnished to the AUTHORITY shall be signed in the manner prescribed in the ACT.
- (3) (a) If a complaint arises, the complainant shall lodge such complaint in writing with the FUND, who shall acknowledge receipt thereof within four working days after receipt thereof.
- (b) All complaints lodged with the FUND shall be dealt with by the FUND. If the FUND requires further information regarding the complaint to enable it to properly deal therewith, it may request the complainant or any other person to submit such information.
- (c) The FUND shall furnish the complainant with its reply to the complaint in writing within thirty days after receipt thereof or, if such complaint is not capable of being duly considered within thirty days, then within such longer period of time (to be agreed upon in writing with the complainant) as is reasonably required for the due consideration of such complaint.
- (d) If the complainant is not satisfied with the reply of the FUND, or should the FUND fail to reply to the complaint within thirty days after receipt thereof, the complainant may lodge the complaint with the adjudicator appointed in terms of the ACT for further investigation.
- (e) The investigation shall be conducted in accordance with the provisions of the ACT.
- (f) Any determination of the adjudicator shall be deemed to be a civil judgement of a court of law and shall be binding on the FUND, the complainant and any other party concerned.

16. INVESTMENT OF FUNDS AND HOUSING LOANS

- (1) Subject to the provisions of section 19 of the ACT, the BOARD shall be authorised:
 - (a) to lend, invest, place on deposit or otherwise deal with any money not immediately required for current expenditure by the FUND, against security or not and in a manner determined by the BOARD, and to realise any investment or otherwise deal with such investment in the manner determined by the BOARD;
 - (b) to purchase, sell, hire, let, borrow, lend and acquire in any other way movable and immovable property as an investment;
 - (c) to grant a housing loan and to furnish a guarantee in respect of a housing loan contemplated in Rule 16(2): Provided that this loan will then be treated as a separate investment portfolio for purposes of Rule 16A;
 - (d) to invest in participation mortgage bonds under any registered participation mortgage bond scheme contemplated in the Participation Bonds Act;
 - (e) to invest in deposit administration policies issued to the FUND by an insurer, authorised in terms of the Insurance Act to carry on long term insurance business;
 - (f) to transfer their investment powers and/or portfolio administration responsibilities in respect of the full or a part of the FUND'S assets to a financial institution as defined in section 4 of the Stock Exchange Control Act and/or section 5 of the Financial Markets Control Act and to recover the costs arising as a result hereof from the FUND: Provided that -
 - (i) any financial institution may, on behalf of the FUND, execute any act which is necessary in connection with the purchase and/or sale of investments, the settlement of the underlying transactions and/or the keeping of investments in the financial institutions' nominee companies, approved by the AUTHORITY as such, and/or Central Depository Nominees (Pty) Ltd, as well as the receipt, payment and investment of monies, with the inclusion of interest and dividends in respect of transactions concluded and/or investments held on behalf of the FUND; and

- (ii) the appointment of a financial institution shall be effectual until it is terminated by anyone of the parties concerned. When the financial institution concerned is no longer approved as such in terms of the Stock Exchange Control Act, the appointment shall cease to exist as soon as all responsibilities which both parties have already acquired at that stage have been disposed of and executed.
- (g) to buy any property mortgaged to the FUND and lease, maintain, control, sell, or otherwise make good use of such property;
- (h) to invest in immovable property which shall also include -
 - (i) any investment in the shares of a PROPERTY COMPANY where such investment exceeds 5 per cent of the total shareholding of that company;
 - (ii) any unsecured loan to a PROPERTY COMPANY controlled by the FUND; and
 - (iii) any loan, secured by a mortgage bond, to a PROPERTY COMPANY which the FUND directly or indirectly controls or in which the FUND holds more than 25 per cent of the shares:

Provided that the total investment by the FUND in immovable property, together with -

- (iv) any loan, secured by a mortgage bond, in respect of which the mortgagor has failed to comply with his obligations in terms of the mortgage bond and the property subject to the mortgage has been attached for judicial sale and bought by the FUND; and
- (v) any unsecured amount which is owing to the FUND in respect of the sale of immovable property,

shall not exceed such percentage of its total assets as the AUTHORITY may from time to time determine, unless the AUTHORITY is satisfied that such excess is temporarily necessary to safeguard any investment of the FUND.

- (2) (a) The BOARD has previously granted loans to MEMBERS for housing purposes as set out in section 19(5) of the ACT. The conditions determined by the BOARD when the loan was granted, will continue to apply.

- (b) The BOARD will choose one or more financial institutions to whom the FUND will bind itself as guarantor for housing loans granted to MEMBERS. The FUND will give a guarantee in favour of these financial institutions where they grant a loan to a MEMBER for housing purposes as set out in section 19(5) of the ACT, if all the requirements as set out further in this Rule 16 and such other conditions as the BOARD and the financial institution may decide upon from time to time are met.
- (3) The FUND will only guarantee a housing loan amount if it is equal to or less than the maximum amount or percentage set by the BOARD.
- (4) The maximum period over which the MEMBER must repay the housing loan to the financial institution is the lesser of 20 years or the outstanding term to the MEMBER'S NORMAL RETIREMENT DATE, unless otherwise determined by the BOARD.
- (5) The FUND will, only as a last resort, deduct the outstanding amount plus interest thereon, that is due to the FUND or the financial institution, from the MEMBER'S benefit and pay it to the FUND or the financial institution, if –
 - (a) the MEMBER stops paying the monthly instalment on his housing loan to the FUND or the financial institution for 3 consecutive months or such other period as the FUND or the financial institution agrees on, provided that the financial institution provides evidence to the satisfaction of the BOARD that it took all reasonable steps to collect the instalments; or
 - (b) the MEMBER'S employment is terminated, unless the MEMBER transfers to another fund and that fund takes over the housing loan or the housing loan guarantee, as the case may be.
- (6) A certificate by the PRINCIPAL OFFICER, where the housing loan has been granted by the FUND, or the duly authorised representative of the financial institution, where the housing loan has been granted by the financial institution, will be *prima facie* evidence of the outstanding amount plus interest thereon. The amount that can be deducted from the MEMBER'S FUND CREDIT will be limited to the total amount of the initial housing loan granted by the FUND or the housing loan guarantee that the FUND provided to the financial institution, plus interest and tax thereon.

- (7) Where the FUND provides housing loan guarantees, the financial institution must manage the default risk by approving housing loans only to MEMBERS that can afford repayments. The financial institution must also ensure that the loan is used for housing purposes as set out in section 19(5) of the ACT. Where the financial institution did not fulfil this obligation and the loan was granted for purposes other than for housing as set out in section 19(5) of the ACT, the FUND will not be obliged to honour its obligations as guarantor and can decline the financial institution's request to deduct any outstanding amounts in favour of the financial institution from the MEMBER'S FUND CREDIT.
- (8) Before the FUND will bind itself as guarantor for a housing loan granted to a MEMBER, the LOCAL AUTHORITY must give the FUND and the financial institution an undertaking that it will deduct the required monthly housing loan repayments from the MEMBER'S remuneration and pay it to the financial institution, where the financial institution granted the housing loan. Where the FUND granted the housing loan, the LOCAL AUTHORITY will continue deducting the required monthly housing loan repayments from the MEMBER'S remuneration and paying it to the FUND.

16A. INVESTMENT CHOICE

- (1) All monies attributable to a MEMBER will be invested in the DEFAULT INVESTMENT PORTFOLIO or, if the MEMBER so elects in writing, in any one or more of the investment portfolio(s) selected by the MEMBER from a range of investment portfolios made available to MEMBERS by the BOARD ('the MEMBER CHOICE INVESTMENT PORTFOLIO'): Provided that the BOARD may limit the number of investment portfolios a MEMBER may select: Provided further that the BOARD, may but is not obliged to, select different DEFAULT INVESTMENT PORTFOLIOS for each of the MEMBERS' RETIREMENT COMPONENT, SAVINGS COMPONENT and VESTED COMPONENT.
- (2) The FUND and the BOARD shall under no circumstances be liable to the MEMBER for any possible mismatch of the investment portfolios to the risk profile of such a MEMBER or should any anticipated investment returns in either the DEFAULT INVESTMENT PORTFOLIO or the MEMBER CHOICE INVESTMENT PORTFOLIO not materialise.
- (3) All investments and investment options will be subject to the provisions of the ACT and any limitation or conditions that the BOARD may impose from time to time.

17. INDEMNIFICATION OF THE BOARD AND OFFICERS OF THE FUND IN RESPECT OF LEGAL COSTS

The BOARD, every BOARD MEMBER or former BOARD MEMBER thereof, as well as every other serving officer or former serving officer of the FUND shall be indemnified by the FUND against any reasonable legal costs and related expenses which result from a claim or legal proceedings or lawsuit of any nature (including arbitration), whether civil or criminal, instituted against the BOARD or any such BOARD MEMBER or officer, as a result of any alleged cause of action or legal offence which has taken place or has arisen whilst the BOARD, such BOARD MEMBER or officer was involved with the affairs or interests of the FUND: Provided that the FUND may recover all such costs and expenses from such BOARD, BOARD MEMBER or officer, if it appears from the record or documents or judgement or settlement of such proceedings that such BOARD, BOARD MEMBER or officer was guilty of gross negligence, dishonesty or fraud.

18. FIDELITY GUARANTEE INSURANCE

The BOARD shall insure the FUND against loss, damage, liabilities or claims which are caused by the negligence, dishonesty, theft or fraud of any of its officers (including the BOARD MEMBERS) who conducts any business of the FUND or who receives, controls, expends, invests or supervises funds, assets and supplies which are due to the FUND or which belong to the FUND.

19. PAYMENT OF MONEYS AND EXPENSES OF THE FUND

- (1) All payments due to or in respect of MEMBERS shall be made at the registered office of the FUND in the currency of the Republic of South Africa: Provided that the BOARD may make or accept payments elsewhere on such terms as it may determine.
- (2) All expenses in connection with or incidental to the management and administration of the FUND, including but not limited thereto, bank charges, costs relating to the valuation and audit of the FUND, management of the assets of the FUND, fees payable to BOARD MEMBERS as contemplated in Rule 8(8), costs relating to the indemnification and fidelity guarantee insurance policies contemplated in Rule 17 and 18 respectively, levies and fees payable to any institution in terms of relevant legislation and such other costs as may be determined by the BOARD from time to time, shall be borne by the FUND.

20. CUSTODY OF TITLE DEEDS AND SECURITIES

The BOARD shall provide for the custody of title deeds and securities which belong to or are held by the FUND in such a manner as it may determine from time to time.

21. KEEPING OF RECORDS

- (1) The BOARD shall keep record of all necessary particulars of all the MEMBERS of the FUND, of all persons entitled to benefits, of all deaths, withdrawals and of all other matters essential to the working of the FUND.
- (2) The BOARD shall ensure that the AUDITOR prepare such statements in regard to its revenue, expenditure and financial position in terms of section 15 of the ACT as may be prescribed by regulation.
- (3) A copy of the balance sheet and revenue account shall be distributed to the LOCAL AUTHORITIES at least fourteen days prior to the ANNUAL MEETING.
- (4) The books and all other documents of the FUND shall during office hours be open for inspection by any REPRESENTATIVE or ALTERNATE on the GENERAL COMMITTEE.
- (5) The FUND shall provide any MEMBER on demand and on payment of such sum as the BOARD may from time to time determine, a copy of the Rules of the FUND and a copy of the last revenue account and balance sheet referred to in section 15 of the ACT.
- (6) Any MEMBER shall be entitled to inspect without charge at the registered office of the FUND the following documents and make extracts therefrom:
 - (a) the documents referred to in sub-Rule (5) (if any);
 - (b) the last valuation report prepared in terms of section 16 of the ACT;
 - (c) any scheme which is being carried out by the FUND in accordance with section 18 of the ACT.

22. APPOINTMENT OF AUDITOR AND ANNUAL AUDIT

- (1) The FUND'S books and accounts shall be audited annually by an AUDITOR appointed by the BOARD and approved by the AUTHORITY in terms of section 9 of the ACT.
- (2) Within six months from the expiration of every financial year, the BOARD shall furnish to the AUTHORITY in terms of section 15 of the ACT, a revenue account which shows the revenue and expenditure of the FUND for that year, and a balance sheet showing the financial position of the FUND at the close of that year, duly certified in each case by the AUDITOR of the FUND.

23. APPOINTMENT OF ACTUARY AND HIS DUTIES

- (1) The BOARD shall from time to time appoint an ACTUARY approved by the AUTHORITY in terms of section 9A of the ACT.
- (2) The ACTUARY shall also be the valuator of the FUND, as contemplated in section 9A of the ACT, for purposes of having the FUND'S financial condition investigated and valued (which includes the determination of losses and profits) and reported on in compliance with the ACT.
- (3) A copy of the report shall be deposited with the AUTHORITY in terms of section 16 of the ACT.

23A. APPOINTMENT OF ADMINISTRATOR, PRINCIPAL OFFICER AND DEPUTY PRINCIPAL OFFICER

(1) Appointment of ADMINISTRATOR

- (a) The BOARD must appoint the ADMINISTRATOR to administer the FUND.
- (b) The FUND and the ADMINISTRATOR must enter into an administration agreement as required by the ACT. This agreement must set out the powers and duties of the ADMINISTRATOR and the fees that the FUND must pay to the ADMINISTRATOR.

(2) Appointment of PRINCIPAL OFFICER and deputy PRINCIPAL OFFICER

- (a) The BOARD must appoint a PRINCIPAL OFFICER as required by the ACT and apply to the AUTHORITY for approval of this appointment.
- (b) Once the AUTHORITY has confirmed the PRINCIPAL OFFICER'S appointment, the PRINCIPAL OFFICER will represent the FUND in all respects as far as its dealings with the AUTHORITY are concerned.
- (c) The BOARD may terminate the service of the PRINCIPAL OFFICER and make another appointment in his place at any time.
- (d) The PRINCIPAL OFFICER may resign by giving written notice to the BOARD.
- (e) The BOARD may appoint a deputy PRINCIPAL OFFICER as contemplated in the ACT and will advise the AUTHORITY of such appointment. The provisions of Rules 23A(2)(c) and (d) will apply to the deputy PRINCIPAL OFFICER.
- (f) The PRINCIPAL OFFICER may delegate any of his duties to the deputy PRINCIPAL OFFICER in writing, subject to conditions that the PRINCIPAL OFFICER must determine. Such delegation may be changed or withdrawn at any time.
- (g) If the PRINCIPAL OFFICER is absent from the Republic of South Africa or is otherwise unable to perform his duties, the deputy PRINCIPAL OFFICER will act as PRINCIPAL OFFICER in his stead until the BOARD appoints another person as PRINCIPAL OFFICER. The BOARD will appoint a new PRINCIPAL OFFICER within the period prescribed by the AUTHORITY and notify the AUTHORITY accordingly.

24. MEMBERSHIP OF THE FUND AND EVIDENCE OF HEALTH

- (1) Subject to the provisions of these Rules, a person who was a member of the PENSION FUND or the RETIREMENT FUND at the COMMENCEMENT DATE, shall have a non-recurrent option to become a MEMBER of the FUND, such option to be exercised not later than 30 June 1995, whereafter the option shall be irrevocable.
- (2)
 - (a) A person who becomes an EMPLOYEE between 1 January 1994 and 30 June 1996, shall within three months thereafter elect in writing to become a member of the PENSION FUND or the RETIREMENT FUND, according to remuneration level, or to become a MEMBER of the FUND in terms of these Rules: Provided that such election shall be non-recurrent and irrevocable: Provided further that such membership shall be retrospective from the date on which such person became an EMPLOYEE.
 - (b) A person who becomes an EMPLOYEE between 1 July 1996 and 28 February 1997, shall within three months thereafter elect in writing to become a member of the RETIREMENT FUND or the FUND: Provided that such election shall be non-recurrent and irrevocable: Provided further that such membership shall be retrospective from the date on which such person became an EMPLOYEE.
 - (c) A person who becomes an EMPLOYEE from 1 March 1997, shall within three months thereafter, or such longer period as the BOARD may in its absolute discretion determine, elect in writing to become a member of the FUND or an APPROVED MUNICIPAL RETIREMENT FUND: Provided that such membership shall be retrospective from the date on which such person became an EMPLOYEE: Provided further that if an EMPLOYEE exercised an option to become a MEMBER of the FUND, he may within three months after he became an EMPLOYEE withdraw such option in favour of membership of an APPROVED MUNICIPAL RETIREMENT FUND, subject to the following:
 - (i) If such MEMBER wishes to withdraw his option, then he will do so by giving written notice to that effect to the FUND and the APPROVED MUNICIPAL RETIREMENT FUND. The MEMBER shall ensure that such notice is in the possession of the FUND by not later than fifteen days prior to the expiry of the three month period.

- (ii) If such option is exercised, such MEMBER'S membership of the FUND shall terminate on the last day of the CALENDAR MONTH during which he exercised his option and he shall become a member of the APPROVED MUNICIPAL RETIREMENT FUND with effect from the following day. From the latter date, such person shall have no further claim of whatever nature against the FUND.
 - (iii) If such MEMBER exercises such option, the FUND shall, subject to the provisions of section 14 of the ACT and the provisions of the INCOME TAX ACT, pay to the APPROVED MUNICIPAL RETIREMENT FUND, on a date not later than six CALENDAR MONTHS after such MEMBER became an EMPLOYEE, the MEMBER'S FUND CREDIT as at the date on which such MEMBER'S membership of the FUND terminates as contemplated in paragraph (ii).
- (3) A person who commences work at a PREVIOUS EMPLOYER from 1 March 1994 to 28 February 1995, shall before or on 28 February 1995 elect in writing to become a member of the PENSION FUND or the RETIREMENT FUND, according to post level, or to become a MEMBER of the FUND in terms of these Rules: Provided that such election shall be non-recurrent and irrevocable: Provided further that such membership shall be retrospective from the date on which such person commenced work at the PREVIOUS EMPLOYER.
- (4) A person who, upon termination of participation of the FUND in the MUNPEN FUND, becomes entitled to a withdrawal benefit from the MUNPEN FUND, may elect to become a MEMBER of the FUND. If he so elects, his membership of the MUNPEN FUND shall terminate on the last day of the CALENDAR MONTH preceding the CALENDAR MONTH during which such MEMBER'S first contribution to the FUND becomes payable and he shall become a MEMBER of the FUND with effect from the following day.
- (5) An EMPLOYEE'S membership of the FUND will start on the day on which the FUND receives his membership application form, in the format determined by the BOARD, or the date upon which the first contribution in respect of the MEMBER has been deducted from his remuneration in the normal course of the business of the LOCAL AUTHORITY as part of that LOCAL AUTHORITY'S total monthly pay roll administration, whichever is the earliest:

Provided that in the event of a claim for a death or disability benefit where the FUND has not received any contribution or membership application form for the MEMBER, the onus will be on the LOCAL AUTHORITY to prove the deduction as mentioned above.

- (6) A MEMBER shall continue to be a MEMBER and shall not be entitled to withdraw from the FUND or to transfer his benefit to another retirement fund while he remains in the service of the same LOCAL AUTHORITY, subject to Rules 24(10), (12), (13) and (14).
- (7) A MEMBER'S membership of the FUND will cease once he has received all benefits due to him in terms of these RULES: Provided that in the event of the MEMBER'S retirement, death, resignation, dismissal, redundancy or retrenchment or his MEDICAL DISABILITY after his service with the LOCAL AUTHORITY has been terminated or his CONTRIBUTIONS have been discontinued because of him joining another retirement fund or for whatever other reason whilst remaining in the employment of the same LOCAL AUTHORITY, but prior to his benefit being paid, no benefit other than his FUND CREDIT will be payable.
- (8) A person who was a MEMBER of the FUND immediately before entering the service of a local authority situated outside the Republic of South Africa in a state which became autonomous, may apply to the BOARD in writing to remain a MEMBER of the FUND. If the application is approved, such local authority shall be deemed to be a LOCAL AUTHORITY as defined in Rule 1(1), in respect of such MEMBER, except for purposes of Rule 5.
- (9) (a) A person who fails to exercise his option in terms of sub-Rule (2)(a) within the required three months or fails to exercise his option in terms of sub-Rule (3) before or on 28 February 1995, shall, according to post level, be deemed to be a member of the PENSION FUND or the RETIREMENT FUND.
- (b) A person who fails to exercise his option in terms of sub-Rule (2)(b) within three months after becoming an EMPLOYEE, shall be deemed to be a member of the RETIREMENT FUND.

- (10) Notwithstanding the provisions of sub-Rule (1) hereof, a person who has exercised an option in terms of sub-Rule (1) hereof may withdraw such option by giving written notice to that effect to the FUND and the PENSION FUND or the RETIREMENT FUND, as the case may be, before or on 30 June 1995. In the event of such withdrawal:
- (a) such person will be reinstated as a member of the PENSION FUND or the RETIREMENT FUND, as the case may be, with effect from 1 January 1994 and will cease to be a MEMBER of the FUND with effect from 1 January 1994;
 - (b) the transfer value paid by the PENSION FUND or the RETIREMENT FUND, as the case may be, to the FUND in respect of such election, will be refunded to the PENSION FUND or the RETIREMENT FUND, as the case may be, within one month after such withdrawal, together with INTEREST thereon, calculated from the date of such withdrawal to the date of repayment.
- (11) Subject to the provisions of these Rules, a person who was a member of the PENSION FUND or the RETIREMENT FUND during the period 1 July 1995 to 30 June 1996, has an irrevocable option to become a MEMBER of the FUND, subject to the following:
- (a) If such person wishes to exercise the option, then he will do so by giving written notice to that effect to the PENSION FUND or the RETIREMENT FUND, as the case may be, and the FUND during the period from 1 July 1995 to 30 June 1996 (both dates included). Once exercised, the exercise of the option cannot be withdrawn.
 - (b) If the option is not exercised as aforesaid and received by the FUND before or on 30 June 1996, it will lapse.
 - (c) If such option is exercised, such person's membership of the PENSION FUND or the RETIREMENT FUND, as the case may be, shall terminate and he shall become a MEMBER of the FUND with effect from the first day of the CALENDAR MONTH during which such option is exercised.
 - (d) If such person exercise such option, the PENSION FUND or the RETIREMENT FUND, as the case may be, shall pay to the FUND, on a date not later than one month after such person has exercised his option, a transfer value which is ascertained by the actuary of the PENSION FUND or the RETIREMENT FUND, as the case may be, or which is derived from the tables supplied by such actuary and which is determined as at the date

of termination of such person's membership of the PENSION FUND or the RETIREMENT FUND, as the case may be.

(12) Subject to the provisions of these Rules, a person who, by virtue of sub-Rule (11) is a MEMBER of the FUND during the period 1 July 1995 to 30 June 1996 has an irrevocable option to become a member of the PENSION FUND or the RETIREMENT FUND, depending on the fund he was a member of before he became a MEMBER of the FUND in terms of the said sub-Rule (11), subject to the following:

- (a) If such person wishes to exercise the option, then he will do so by giving written notice to that effect to the FUND and the PENSION FUND or the RETIREMENT FUND, as the case may be, during the period from 1 July 1995 to 30 June 1996 (both dates included). Once exercised, the exercise of the option cannot be withdrawn.
- (b) If the option is not exercised as aforesaid and received by the FUND before or on 30 June 1996, it will lapse.
- (c) If such option is exercised, such person will be reinstated as a member of the PENSION FUND or the RETIREMENT FUND, as the case may be, as if his membership of the fund concerned has never terminated.
- (d) If such person exercise such option, the FUND shall pay to the PENSION FUND or the RETIREMENT FUND, as the case may be, on a date not later than one month after such person has exercised his option, the MEMBER'S FUND CREDIT as at the date of termination of such person's membership of the FUND.

(13) Subject to the provisions of these Rules, a person who is a MEMBER of the FUND on 1 March 1997, has an irrevocable option to become a member of an APPROVED MUNICIPAL RETIREMENT FUND, subject to the following:

- (a) If such MEMBER wishes to exercise the option, then he will do so by giving written notice to that effect to the FUND and the APPROVED MUNICIPAL RETIREMENT FUND during the period from 1 March 1997 to 30 June 1998 (both dates included):

Provided that should any unforeseen circumstances arise which prevent a specific LOCAL AUTHORITY from enabling its EMPLOYEES to exercise their options before 30 June 1998, the BOARD may, subject to such conditions as it in its sole discretion may determine, extend this period by not more than two months. Once exercised, the exercise of the option cannot be withdrawn.

- (b) If the option is not exercised as contemplated in paragraph (a) and received by the FUND before or on 30 June 1998, or such later date as contemplated in that paragraph as may be determined by the COMMITTEE, it will lapse and the MEMBER will remain a MEMBER of the FUND.
 - (c) If such option is exercised, such MEMBER'S membership of the FUND shall terminate on the last day of the CALENDAR MONTH preceding the CALENDAR MONTH during which such MEMBER'S first contribution to the APPROVED MUNICIPAL RETIREMENT FUND becomes payable and he shall become a member of the APPROVED MUNICIPAL RETIREMENT FUND with effect from the following day. As soon as such person's contributions becomes payable to the APPROVED MUNICIPAL RETIREMENT FUND, he shall have no further claim of whatever nature against the FUND.
 - (d) If such MEMBER exercises such option, the FUND shall, subject to the provisions of section 14 of the ACT and the provisions of the INCOME TAX ACT, pay to the APPROVED MUNICIPAL RETIREMENT FUND the MEMBER'S FUND CREDIT as at the date on which such MEMBER'S membership of the FUND terminates as contemplated in paragraph (c).
- (14) Subject to the provisions of these Rules, a person who is a MEMBER of the FUND on the date determined by the BOARD (referred to in these sub-Rules 14 and 15 as "the TRANSFER COMMENCEMENT DATE"), has an irrevocable option to elect to become a member of an APPROVED MUNICIPAL RETIREMENT FUND whose rules, in the opinion of the BOARD, provides for the transfer of its members to the FUND under similar conditions as provided for in this Rule: Provided that such change of membership shall not be contrary to the provisions of the INCOME TAX ACT or any other applicable Act, subject to such conditions as the BOARD may determine and further subject to the following:
- (a) If such MEMBER wishes to exercise the option, then he will do so by giving written notice to that effect, in such format as determined by the BOARD, to the FUND and the APPROVED MUNICIPAL RETIREMENT FUND during the period commencing on the TRANSFER COMMENCEMENT DATE and terminating on such date as the BOARD may determine (referred to in these sub-Rules 14 and 15 as "the TRANSFER TERMINATION DATE") (both dates included). Once exercised, the exercise of the option cannot be withdrawn.

- (b) If the option is not exercised as contemplated in paragraph (a) and received by the FUND before or on the TRANSFER TERMINATION DATE, it will lapse and the MEMBER will remain a MEMBER of the FUND.
 - (c) If such option is exercised, such MEMBER'S membership of the FUND shall terminate on the last day of the CALENDAR MONTH preceding the CALENDAR MONTH during which such MEMBER'S first contribution to the APPROVED MUNICIPAL RETIREMENT FUND becomes payable, and he shall become a member of the APPROVED MUNICIPAL RETIREMENT FUND with effect from the following day, such date being the effective date as stated in the section 14 application. If the MEMBER'S membership of the FUND is terminated subsequent to such effective date but prior to the approval of the section 14 application by the AUTHORITY, such MEMBER or his beneficiaries, as the case may be, shall only be entitled to a benefit equal to the MEMBER'S FUND CREDIT. With effect from the effective date as aforesaid, the MEMBER shall have no further claim of whatever nature against the FUND.
 - (d) If such MEMBER exercises such option, the FUND shall, on the later of
 - (i) the FUND receiving written notification as contemplated in Rule 24(14)(a), or
 - (ii) the MEMBER'S membership of the FUND terminates in terms of Rule 24(14)(c),
 DISINVEST the MEMBER'S FUND CREDIT. Upon the approval of the section 14 application by the AUTHORITY, it will pay to the APPROVED MUNICIPAL RETIREMENT FUND such MEMBER'S FUND CREDIT, subject to the provisions of the ACT and the provisions of the INCOME TAX ACT.
- (15) Subject to the provisions of these Rules, a person who is a member of an APPROVED MUNICIPAL RETIREMENT FUND on the TRANSFER COMMENCEMENT DATE, has an irrevocable option to become a MEMBER of the FUND, subject to such conditions as the BOARD may determine and further subject to the following:
- (a) If such person wishes to exercise the option, then he will do so by giving written notice to that effect, in such format as determined by the BOARD, to the FUND and the APPROVED MUNICIPAL RETIREMENT FUND during the period commencing on the TRANSFER COMMENCEMENT DATE and

- terminating on the TRANSFER TERMINATION DATE (both dates included). Once exercised, the exercise of the option cannot be withdrawn.
- (b) If such option is exercised, such person's membership of the APPROVED MUNICIPAL RETIREMENT FUND shall terminate on the last day of the CALENDAR MONTH preceding the CALENDAR MONTH during which such MEMBER'S first contribution to the FUND becomes payable and he shall become a MEMBER of the FUND with effect from the following day.
 - (c) If such person exercises such option, the APPROVED MUNICIPAL RETIREMENT FUND shall pay to the FUND on a date not later than three months after such person has exercised his option, an actuarial value, subject to the provisions of section 14 of the ACT and the provisions of the INCOME TAX ACT.
- (16) A person who was a MEMBER of the FUND and who, due to privatisation, may no longer be a MEMBER of the FUND, shall not later than the last day before termination of his membership of the FUND, elect in writing that his transfer value as determined by the ACTUARY -
- (a) be retained in the FUND as a paid-up benefit in terms of Rule 34(7), in which event the MEMBER shall become a non-contributing MEMBER of the FUND (that is to say a MEMBER that makes no CONTRIBUTIONS to the FUND as contemplated in Rule 26); or
 - (b) be payable to him: Provided that the transfer value, reduced by any tax that may be payable thereon, be paid to his benefit into -
 - (i) the PRIVATE FUND; or
 - (ii) another APPROVED FUND approved by the BOARD: Provided that such approval may be subjected to such conditions as the BOARD in its absolute discretion may determine.
- The FUND shall, in respect of such MEMBER, on the later of
- (i) the FUND receiving the MEMBER'S written election in terms of this sub-Rule (16);
 - (ii) the termination of the MEMBER'S membership of the FUND, or
 - (iii) the FUND receiving the CONTRIBUTIONS due in respect of the MEMBER concerned in terms of Rule 26(3)(b);

DISINVEST the MEMBER'S FUND CREDIT. The FUND shall pay to the PRIVATE FUND or the APPROVED FUND, as the case may be, on a date not later than three months after the MEMBER has exercised his option, his portion of the SHARE ACCOUNT plus so much of the PROCESSING

ACCOUNT, RISK ACCOUNT and DATA AND OPERATIONAL ACCOUNT as contemplated in Rules 30(2), (3) and (4) as is regarded as equitable by the BOARD, in consultation with the ACTUARY, as at the date of termination of membership, together with INTEREST thereon, calculated from the seventh working day following the CALCULATION DATE to the date of payment, whereafter the MEMBER shall have no further claim against the FUND.

The option in terms of this sub-Rule (16) shall be non-recurrent and irrevocable.

25. EVIDENCE OF AGE AND OTHER PARTICULARS TO BE PRODUCED

Subject to the provisions of Rule 42(1)(c),

- (1) every MEMBER shall, within six months after the date whereupon he became a MEMBER, produce evidence of his age to the satisfaction of the BOARD, failing which, the age of such MEMBER shall be determined by the BOARD;
- (2) every MEMBER shall, within such a period as the BOARD may determine, produce evidence of any other matter which the BOARD may require and in such format as the BOARD may determine.

26. CONTRIBUTIONS BY MEMBERS

- (1) Subject to the provisions of sub-Rules (2), (3), (4) and (5), every MEMBER shall every month contribute to the FUND at the rate of 7,5 per cent of his monthly SALARY.

- (2) Any person who becomes a MEMBER -

- (a) before or on the fifteenth day of any month, shall contribute to the FUND from the first day of that month;
- (b) after the fifteenth day of any month, shall contribute to the FUND from the first day of the subsequent month:

Provided that, if such MEMBER left the service of the same or another LOCAL AUTHORITY earlier during the same month and did not contribute to the FUND in terms of sub-Rule (3)(b)(i) in respect of that month, the MEMBER shall contribute to the FUND from the first day of that month at the new LOCAL AUTHORITY and for the purposes of these Rules it shall be deemed that the MEMBER in respect of that month had been a MEMBER of the FUND without any break in SERVICE.

- (3) If a MEMBER -

- (a) leaves the service of a LOCAL AUTHORITY in terms of Rule 32, 34(4) or 35 CONTRIBUTIONS shall be paid to the FUND in full for the month in which he has left the service;
- (b) for any other reason leaves the service of a LOCAL AUTHORITY or dies -
 - (i) before or on the fifteenth day of any month, CONTRIBUTIONS shall not be paid in respect of that month; or
 - (ii) after the fifteenth day of any month, CONTRIBUTIONS shall be paid in full in respect of that month.

- (4) If a MEMBER receives less than full pay in respect of any CALENDAR MONTH, subject to the provisions of sub-Rule (3)(a) -

- (a) he shall contribute to the FUND in respect of that CALENDAR MONTH on the basis of his full SALARY if he has received full pay for fifteen or more days in respect of that CALENDAR MONTH;
- (b) he shall not contribute to the FUND in respect of that CALENDAR MONTH if he has received pay for less than fifteen days in respect of that CALENDAR MONTH.

- (5) If a person who becomes a MEMBER in terms of Rule 24 and is in terms of Rule 26(1) obliged to make CONTRIBUTIONS, fails to do so, such a person shall, on the date of it coming to the notice of the BOARD, pay the arrear CONTRIBUTIONS in one sum or by instalments, as the BOARD may decide: Provided that the BOARD may wholly or partially exempt such MEMBER from payment of arrear CONTRIBUTIONS, in which event the commencement date of a MEMBER'S SERVICE shall be determined accordingly.
- (6) Notwithstanding anything to the contrary contained in these Rules, a MEMBER may contribute to the FUND at a rate higher than the rate prescribed in sub-Rule (1).

27. PAYMENT OF CONTRIBUTIONS AND RECOVERY OF ARREAR CONTRIBUTIONS AND OTHER AMOUNTS

- (1) Subject to contrary provisions contained in any law, the CONTRIBUTIONS payable in terms of Rules 26(1), (6) and 28, the instalments payable in terms of Rules 26(5)(a) and 28(2) and the housing loan repayments resulting from a housing loan granted to the MEMBER by the FUND as contemplated in Rule 16(8) shall be a first charge upon the remuneration payable to a MEMBER and shall be deducted monthly from his remuneration by the LOCAL AUTHORITY concerned and paid to the FUND.
- (2)
 - (a) Where payment of arrear CONTRIBUTIONS or other amounts are being made by a MEMBER in instalments in terms of Rule 26(5), 28(2) or 38A or where housing loan repayments have to be made to the FUND in terms of Rule 16(8) and such MEMBER'S membership ends before such arrear payments have been completed, the benefits to which the MEMBER, his estate or his BENEFICIARIES are entitled, shall be calculated with due regard to any outstanding CONTRIBUTIONS or other amounts on a basis as determined by the BOARD upon advice from the ACTUARY.
 - (b) Subject to paragraph (3), in the event that the MEMBER and/or the LOCAL AUTHORITY fail to pay CONTRIBUTIONS as contemplated in Rules 26 and 31, the portion of the LOCAL AUTHORITY'S CONTRIBUTIONS contemplated in Rule 30(3)(a)(i) shall be deducted from the MEMBER'S FUND CREDIT for the period of such default: Provided that if the MEMBER and/or the LOCAL AUTHORITY persist in such failure for three consecutive CALENDAR MONTHS or four CALENDAR MONTHS in any FINANCIAL YEAR, or, on the written request of the MEMBER, such longer period as the BOARD may determine, such deductions shall terminate, whereupon the MEMBER, his estate or his BENEFICIARIES shall only be entitled to benefits in terms of Rule 34(2), unless the BOARD decide otherwise, subject to such conditions as the BOARD may determine.
 - (c) If the FUND does not receive any contributions for a specific MEMBER for six consecutive months, that MEMBER will be deemed to have absconded and the provisions of Rule 34(7) will apply, unless the LOCAL AUTHORITY asks for exemption from this provision and the BOARD agrees.

- (3) Where the LOCAL AUTHORITY is unable to pay CONTRIBUTIONS as contemplated in Rules 26 and 31 due to the MEMBERS in its employ being on a protected strike complying with the requirements of the Labour Relations Act, or as a result of a disaster as defined in the Disaster Management Act, the LOCAL AUTHORITY may apply to the BOARD in writing to postpone the payment of CONTRIBUTIONS. The BOARD will consider each application on its own merits, taking into account the LOCAL AUTHORITY'S motivation for such application, and provided that:
- (a) each MEMBER in the employ of the LOCAL AUTHORITY as well as the trade union representative of those MEMBERS have consented to the suspension of CONTRIBUTIONS, in writing, which must be provided to the BOARD;
 - (b) the LOCAL AUTHORITY provides evidence of financial distress directly related to the strike or disaster, supported by bank statements and/or cash flow reports and/or other accounting reports, authenticated by an external chartered accountant or other professional approved by the BOARD, indicating the LOCAL AUTHORITY'S income before and during the strike or disaster;
 - (c) the LOCAL AUTHORITY continues paying at least an amount equal to the amount required to fund the death and disability benefits that are not reinsured in terms of Rule 33(2) and the SEPARATELY INSURED BENEFITS referred to in Rule 30(3), as well as the asset management costs in terms of Rule 30(2)(b)(i) and administration costs and expenses in terms of Rule 30(4)(b)(i);
 - (d) the LOCAL AUTHORITY must enter into an agreement with the FUND regarding the payment of the arrear CONTRIBUTIONS and the interest thereon. The BOARD will determine the period of and the terms and conditions regarding the repayment of such CONTRIBUTIONS; and
 - (e) such other conditions as the BOARD may decide.

28. CONTRIBUTIONS WHILST ON LEAVE

- (1) If a MEMBER is on leave with full pay or with pay less than full pay, he shall continue to contribute to the FUND on the basis of his full SALARY.
- (2) If a MEMBER is on leave without pay, he may contribute to the FUND on the basis of his full SALARY in accordance with Rule 26(1), which amount, together with INTEREST, shall be paid by the MEMBER by monthly instalments over such a period as the BOARD may determine. In the event that no CONTRIBUTIONS are made for such MEMBER, the provisions of Rule 27(2)(b) shall apply.

29. ESTABLISHMENT OF COMPONENTS AND FUND ACCOUNTS

- (1) The FUND will establish a VESTED COMPONENT, SAVINGS COMPONENT and RETIREMENT COMPONENT for each MEMBER.
- (2) The MEMBER'S FUND CREDIT as at 31 August 2024 will be allocated to his VESTED COMPONENT. No CONTRIBUTIONS due and payable from 1 September 2024 may be allocated to a MEMBER'S VESTED COMPONENT.
- (3) Any CONTRIBUTION, excluding charges and risk premiums deductible against such CONTRIBUTIONS, due and payable by a MEMBER or a LOCAL AUTHORITY from 1 September 2024, will be allocated as follows:
 - (a) one-third to the MEMBER'S SAVINGS COMPONENT; and
 - (b) two-thirds to the MEMBER'S RETIREMENT COMPONENT.
- (4) The assets of the FUND shall be held in seven accounts, to be known as the SHARE ACCOUNT, the PROCESSING ACCOUNT, the RISK ACCOUNT, the DATA AND OPERATIONAL ACCOUNT, the EMPLOYER RESERVE ACCOUNT, the MEMBER RESERVE ACCOUNT and the REVERTED UNCLAIMED BENEFITS ACCOUNT. Each account shall be maintained separately from the other and transfers between accounts shall take place only as specified in the Rules. The actuary will on a regular basis determine whether the balances in the PROCESSING ACCOUNT, the RISK ACCOUNT and the DATA AND OPERATIONAL ACCOUNT are suitable for the intended purposes. Any release from these three accounts will be dealt with in terms of section 15C of the ACT.

30. STRUCTURE OF FUND ACCOUNTS

(1) SHARE ACCOUNT

The SHARE ACCOUNT shall comprise the total of all the individual MEMBERS' interests in the FUND. The following transactions shall be recorded in this account:

(a) Credits

- (i) An opening balance comprising the MEMBER'S TRANSFER VALUE as at the COMMENCEMENT DATE;
- (ii) the MEMBER'S CONTRIBUTIONS in terms of Rule 26;
- (iii) a portion of the LOCAL AUTHORITY'S CONTRIBUTIONS in respect of the MEMBER in terms of Rule 31(1)(b), determined by the BOARD in consultation with the ACTUARY, towards the provision of retirement benefits;
- (iv) TRANSFER VALUES received in respect of a MEMBER in terms of Rule 42: Provided that for purposes of Rule 34(4)(a)(ii), the TRANSFER VALUE as contemplated in Rule 42 shall not be credited to the SHARE ACCOUNT;
- (v) investment earnings transferred from the PROCESSING ACCOUNT in terms of Rule 30(2)(b)(ii) from time to time at a rate to be determined by the BOARD in consultation with the ACTUARY. Such investment earnings shall be based on the investment yield achieved by the FUND on the underlying investment portfolio as contemplated in Rule 16A in respect of the MEMBER concerned during the period for which the said earnings are credited to the SHARE ACCOUNT;
- (vi) INTEREST on housing loans granted under Rule 16(2) and payments relating to housing loans; and
- (vii) amounts allocated from the EMPLOYER RESERVE ACCOUNT in terms of Rule 30(5)(b)(i) and from the MEMBER RESERVE ACCOUNT in terms of Rule 30(6)(b)(i):

Provided that CONTRIBUTIONS made by the MEMBER and the LOCAL AUTHORITY will be dealt with in the manner contemplated in Rules 29(2) and 29(3).

(b) Debits

- (i) Attributable valuation losses as determined by the ACTUARY in terms of Rule 23(2);
- (ii) the portion of the LOCAL AUTHORITY'S CONTRIBUTIONS contemplated in Rule 30(3)(a)(i) deducted from the MEMBER'S FUND CREDIT for the period of the default referred to in Rule 27(2)(b);
- (iii) retirement benefits paid to the MEMBER in terms of Rule 32;
- (iv) withdrawal payments in terms of Rule 34;
- (v) transfers of the MEMBERS' FUND CREDIT in respect of MEDICAL DISABILITY payments in terms of Rule 35 and death payments in terms of Rule 33 to the RISK ACCOUNT;
- (vi) transfers of the MEMBERS' unclaimed benefits after two years to an unclaimed benefits preservation fund established in terms of the ACT to receive such unclaimed benefit, together with the INTEREST referred to in Rule 30(1)(vii) thereon, in the event of the BOARD directing that the unclaimed benefits be so transferred in terms of Rule 41;
- (vii) the amount due to the financial institution in respect of a housing loan guarantee where the financial institution calls for settlement of the outstanding amount of the guarantee or a part thereof, or the outstanding amount due to the FUND or a part thereof if the FUND provided the housing loan, as set out in section 37D(1)(d) of the ACT;
- (viii) the amount assigned from a MEMBER'S pension interest to his non-member spouse in terms of a divorce order as set out in section 37D(1)(d) of the ACT and/or the amount payable in terms of a maintenance order, together with tax thereon, if legislation allows for it;
- (ix) the amount payable to a MEMBER'S LOCAL AUTHORITY as compensation for damages caused to the LOCAL AUTHORITY by reason of any theft, dishonesty, fraud or misconduct by the MEMBER in terms of section 37D(1)(b)(ii) of the ACT;
- (x) any amount which the FUND has paid or will pay by arrangement with, and on behalf of, a MEMBER or his BENEFICIARY, as referred to in section 37D(1)(c) of the ACT;

- (xi) such asset management costs in terms of Rule 30(2)(b)(i) and administration costs and expenses in terms of Rule 30(4)(b)(i) as determined by the BOARD in consultation with the ACTUARY, in respect of PAID-UP MEMBERS and MEMBERS in respect of whom no CONTRIBUTIONS are received;
- (xii) in respect of each deceased MEMBER, the costs incurred in tracing and verifying that MEMBER'S BENEFICIARY or establishing the financial dependency of the MEMBER'S BENEFICIARY; and
- (xiii) any expenses not elsewhere provided for, determined by the BOARD in consultation with the ACTUARY;

Provided that any deduction referred to in paragraphs (vii) to (x) must be made proportionately from the MEMBER'S RETIREMENT COMPONENT, SAVINGS COMPONENT and VESTED COMPONENT.

(2) PROCESSING ACCOUNT

The PROCESSING ACCOUNT is established to provide for mismatching and timing differences between investments and the allocation of investment returns to MEMBERS. The balance in the PROCESSING ACCOUNT shall be maintained at a level deemed prudent by the BOARD in consultation with the ACTUARY. The balance in the PROCESSING ACCOUNT will be credited or debited from time to time with such amounts as may be determined by the BOARD, in consultation with the ACTUARY. The following additional transactions shall be recorded in this account:

(a) Credits

- (i) All investment earnings earned by the FUND;
- (ii) valuation losses debited to the SHARE ACCOUNT in terms of Rule 30(1)(b)(i);
- (iii) interest paid in terms of Rule 31(2)(a)(i);
- (iv) INTEREST paid in terms of Rule 31(2)(a)(ii); and
- (v) amounts allocated from the EMPLOYER RESERVE ACCOUNT in terms of Rule 30(5)(b)(i).

(b) Debits

- (i) All costs relating to the management of the assets of the FUND as contemplated in Rule 19(2);

- (ii) investment returns transferred to the SHARE ACCOUNT in terms of Rule 30(1)(a)(v)
- (iii) investment returns transferred to the RISK ACCOUNT in terms of Rule 30(3)(a)(iii);
- (iv) investment returns transferred to the DATA AND OPERATIONAL ACCOUNT in terms of Rule 30(4)(a)(ii);
- (v) investment returns transferred to the EMPLOYER RESERVE ACCOUNT in terms of Rule 30(5)(a)(ii);
- (vi) investment returns transferred to the MEMBER RESERVE ACCOUNT in terms of Rule 30(6)(a)(ii);
- (vii) investment returns transferred to the REVERTED UNCLAIMED BENEFITS ACCOUNT in terms of Rule 30(7)(a)(iii); and
- (viii) investment returns added to the late payment of benefits, unclaimed benefits and other liabilities due in terms of the Rules.

(3) RISK ACCOUNT

The RISK ACCOUNT is established for the funding of the death and disability benefits that are not reinsured in terms of Rule 33(2) and to absorb the impact of any adverse experience in such risk benefits.

In addition, the RISK ACCOUNT will fund the premiums relating to the separately insured funeral benefits provided to MEMBERS via the LOCAL AUTHORITY concerned (in this Rule referred to as SEPARATELY INSURED BENEFITS). The premiums for the SEPARATELY INSURED BENEFITS are included in the contributions payable by the LOCAL AUTHORITY. The FUND receives these premiums merely as an agent for the LOCAL AUTHORITY. It is the LOCAL AUTHORITY'S responsibility to pay these premiums to the FUND, who will then pay it to the INSURER on behalf of the LOCAL AUTHORITY once it has received the premiums from the LOCAL AUTHORITY. The FUND is not responsible for paying any benefits relating to these SEPARATELY INSURED BENEFITS when they become due and payable.

The balance in the RISK ACCOUNT shall be maintained at a level deemed prudent by the BOARD in consultation with the ACTUARY. The balance in the RISK ACCOUNT will be credited or debited from time to time with such amounts as may be determined by the BOARD, in consultation with the ACTUARY. The following additional transactions shall be recorded in this account:

(a) Credits

- (i) The portion of the LOCAL AUTHORITY'S CONTRIBUTIONS in respect of the MEMBER in terms of Rule 31(1)(b) as determined by the BOARD in consultation with the ACTUARY towards the death and disability benefits and the SEPARATELY INSURED BENEFITS, subject to the provisions of Rules 29(2) and (3). It is specifically provided that these contributions will not be utilised for the purpose of funding any transfers to the REVERTED UNCLAIMED BENEFITS ACCOUNT as contemplated in Rule 30(3)(b)(vi);
- (ii) transfers of the MEMBERS' FUND CREDIT in respect of MEDICAL DISABILITY payments in terms of Rule 35 and death payments in terms of Rule 33 from the SHARE ACCOUNT;
- (iii) investment returns transferred from the PROCESSING ACCOUNT in terms of Rule 30(2)(b)(iii);
- (iv) any reinsurance payments made to the FUND by an INSURER in terms of Rule 33(2)(a);
- (v) transfers from the REVERTED UNCLAIMED BENEFITS ACCOUNT in terms of Rule 30(7)(b)(iii); and
- (vi) amounts allocated from the EMPLOYER RESERVE ACCOUNT in terms of Rule 30(5)(b)(i).

(b) Debits

- (i) Lump sum death benefits referred to in Rule 33;
- (ii) lump sum disability benefits referred to in Rule 35(4);
- (iii) any reinsurance premiums in respect of death benefits as contemplated in Rule 33(2);
- (iv) any premiums in respect of the SEPARATELY INSURED BENEFITS;
- (v) any costs in relation to medical examinations as contemplated in Rule 35(2); and
- (vi) transfers to the REVERTED UNCLAIMED BENEFITS ACCOUNT in terms of Rule 30(7)(a)(ii).

(4) DATA AND OPERATIONAL ACCOUNT

The DATA AND OPERATIONAL ACCOUNT is established to provide for data errors and expenses relating to the administration of the FUND and other unforeseen contingencies. The balance in the DATA AND OPERATIONAL ACCOUNT shall be maintained at a level deemed prudent by the BOARD in consultation with the ACTUARY. The balance in the DATA AND OPERATIONAL ACCOUNT will be credited or debited from time to time with such amounts as may be determined by the BOARD, in consultation with the ACTUARY. The following additional transactions shall be recorded in this account:

(a) Credits

- (i) A portion of the LOCAL AUTHORITY'S CONTRIBUTIONS in respect of the MEMBER in terms of Rule 31(1)(b), subject to the provisions of Rules 29(2) and (3), determined by the BOARD in consultation with the ACTUARY, towards the cost of the administration expenses;
- (ii) investment returns transferred from the PROCESSING ACCOUNT in terms of Rule 30(2)(b)(iv);
- (ii) amounts allocated from the EMPLOYER RESERVE ACCOUNT in terms of Rule 30(5)(b)(i); and
- (iii) such other amounts not provided for elsewhere in the RULES as may be determined by the BOARD.

(b) Debits

- (i) All costs and expenses referred to in Rule 19(2) relating to the administration of the FUND; and
- (ii) any other payments by the FUND not authorised elsewhere in the Rules.

(5) EMPLOYER RESERVE ACCOUNT

The EMPLOYER RESERVE ACCOUNT is established to provide for the allocation of any valuation profits to the LOCAL AUTHORITIES, by the BOARD after consultation with the ACTUARY. The following transactions shall be recorded in this account:

(a) Credits

- (i) Amounts as defined in the definition of 'employer surplus account' in the ACT, allocated by the BOARD for use of the LOCAL AUTHORITIES concerned; and
- (ii) investment returns transferred from the PROCESSING ACCOUNT in terms of Rule 30(2)(b)(v).

(b) Debits

- (i) Amounts allocated to the SHARE ACCOUNT or any of the other accounts as determined by the BOARD;
- (ii) amounts required to meet a deficit as provided for in section 15H of the ACT; and
- (iii) amounts applied on the liquidation of the FUND as provided for in section 15I of the ACT.

(6) MEMBER RESERVE ACCOUNT

The MEMBER RESERVE ACCOUNT is established to provide for the allocation of any valuation profits to the MEMBERS and former MEMBERS, by the BOARD after consultation with the ACTUARY. The following transactions shall be recorded in this account:

(a) Credits

- (i) Amounts as defined as credits in the definition of 'member surplus account' in the ACT, allocated by the BOARD for the benefit of MEMBERS or former MEMBERS; and
- (ii) investment returns transferred from the PROCESSING ACCOUNT in terms of Rule 30(2)(b)(vi).

(b) Debits

- (i) Amounts as defined as debits in the definition of 'member surplus account' in the ACT, utilised for the benefit of MEMBERS or former MEMBERS;
- (ii) any expenses which would otherwise reduce benefits payable to MEMBERS;
- (iii) amounts allocated to MEMBERS who cease to be MEMBERS of the FUND in terms of section 15G of the ACT;

- (iv) amounts required to meet a deficit as provided for in section 15H of the ACT; and
- (v) amounts applied on the liquidation of the FUND as provided for in section 15I of the ACT.

(7) REVERTED UNCLAIMED BENEFITS ACCOUNT

The REVERTED UNCLAIMED BENEFITS ACCOUNT is established to provide for the old unclaimed benefits that reverted to the FUND prior to 1 January 2009 in terms of Rule 41 as it read then. The following transactions shall be recorded in this account:

(a) Credits

- (i) Provision for the old unclaimed benefits that reverted to the FUND prior to 1 January 2009, as determined by the BOARD on recommendation of the ACTUARY;
- (ii) transfers from the RISK ACCOUNT in the event of an under-provision for these old unclaimed benefits; and
- (iii) investment returns transferred from the PROCESSING ACCOUNT in terms of Rule 30(2)(b)(vii).

(b) Debits

- (i) Payment of the old unclaimed benefits that reverted to the FUND prior to 1 January 2009 in the event that the MEMBERS concerned or their BENEFICIARIES are traced;
- (ii) relevant tracing fees incurred in tracing the MEMBERS concerned or their BENEFICIARIES; and
- (iii) transfers to the RISK ACCOUNT in the event of an over-provision for these old unclaimed benefits.

31. CONTRIBUTIONS BY LOCAL AUTHORITIES

- (1) A LOCAL AUTHORITY shall, in respect of MEMBERS in its service, deliver to the FUND on or before the seventh day of every month a contribution statement in such format as the BOARD may determine, containing such information as the ACT prescribes and the BOARD may determine and which shall be accompanied by the following:
- (a) the CONTRIBUTIONS payable by each MEMBER in respect of the preceding month;
 - (b) an amount equal to the following in respect of the different categories of MEMBERS:
 - (i) a MEMBER whose membership started before 1 July 2012: 22 per cent of the MEMBER'S SALARY;
 - (ii) a MEMBER whose membership started after 1 July 2012: 18 per cent of the MEMBER'S SALARY; and
 - (iii) a MEMBER who was permanently employed by a LOCAL AUTHORITY and then thereafter entered into a fixed-term contract with the same or another LOCAL AUTHORITY: an amount equal to at least the amount payable by the LOCAL AUTHORITY in terms of Rules 30(3)(a)(i) and 30(4)(a)(i) in respect of the MEMBER;
 - (c) the CONTRIBUTIONS or instalments payable in terms of Rule 28(2);
 - (d) an amount equal to the percentage of the MEMBER'S SALARY as referred to in paragraph (b) above on which his CONTRIBUTIONS in terms of Rule 28(2) is based, and INTEREST thereon until date of payment;
 - (e) amounts payable in terms of Rule 26(5), if any; and
 - (f) the housing loan instalments resulting from a housing loan granted to the MEMBER by the FUND in terms of Rule 16(2)(a), together with INTEREST thereon;

Provided that if the MEMBER is paying by instalments, the LOCAL AUTHORITY shall make a lump sum payment to the FUND in respect of its instalments and INTEREST.

- (2) (a) (i) If the payments in terms of sub-Rules (1)(a) to (e) are received by the FUND after the seventh day of any month, the BOARD shall charge interest as prescribed by the ACT on the amount outstanding, calculated from the first day of the month in which such payment is due, up to the date on which the payment is received.
 - (ii) If the contribution statement is received by the FUND after the fifteenth day of any month, the BOARD may charge INTEREST on an amount equivalent to the amount represented by the outstanding contribution statement, calculated from the first day of the month in which such contribution statement must be delivered up to the date on which the contribution statement is received.
 - (b) Any failure to pay contributions within seven days after the end of any month is a criminal offence punishable with a fine in terms of section 13A read with section 37 of the ACT.
 - (c) If a LOCAL AUTHORITY fails to make CONTRIBUTIONS in terms of Rule 31(1), such LOCAL AUTHORITY shall pay the arrear CONTRIBUTIONS in one sum or by instalments, as the BOARD may decide, together with INTEREST, calculated as from the date on which the said LOCAL AUTHORITY should have commenced making CONTRIBUTIONS up to the date of payment: Provided that if the BOARD wholly or partially exempted a MEMBER contemplated in paragraph Rule 26(5) from payment of arrear CONTRIBUTIONS, it may likewise exempt the LOCAL AUTHORITY concerned, in which event the commencement date of the MEMBER'S SERVICE shall be determined accordingly.
- (3) Notwithstanding anything to the contrary contained in these Rules, a LOCAL AUTHORITY may contribute to the FUND at a rate higher or lower than the rate prescribed in sub-Rule (1), but not less than the rate specified in Rule 31(1)(b)(iii).

32. RETIREMENT

- (1) When a MEMBER reaches the NORMAL RETIREMENT DATE, he shall become entitled to a retirement benefit as contemplated in sub-Rule (3).
- (2) Notwithstanding the provisions of sub-Rule (1),
 - (a) a MEMBER who has attained an age of fifty years, shall have the right to retire;
 - (b) a MEMBER may, with the consent of the LOCAL AUTHORITY concerned, remain in employment after his NORMAL RETIREMENT DATE and retire on any day thereafter: Provided that the MEMBER'S death and disability benefits will be limited to his FUND CREDIT.
- (3) A MEMBER who becomes entitled to a retirement benefit under Rules 32(1) and (2), may elect on which date his retirement benefit should be paid to him. If the MEMBER decides to postpone the date on which his retirement benefit should be paid, his benefit will be preserved in the FUND and the provisions of Rule 34(7) will apply.
- (4) On the payment date elected by the MEMBER, and after being given access to retirement benefits counselling as envisaged in the DEFAULT REGULATIONS, the MEMBER –
 - (a) may take his VESTED COMPONENT as a lump sum: Provided that where the MEMBER'S VESTED COMPONENT consists of a VESTED BENEFIT and a NON-VESTED BENEFIT, he may take his VESTED BENEFIT and one-third of his NON-VESTED BENEFIT as a lump sum;
 - (b) may take his SAVINGS COMPONENT as a lump sum, and
 - (c) must use his RETIREMENT COMPONENT and two-thirds of his NON-VESTED BENEFIT, subject to the *de minimis* amount prescribed in the INCOME TAX ACT, to purchase an annuity (including a living annuity), a combination of annuities or a combination of types of annuities from one or more insurers in the MEMBER'S name, chosen from the range of annuities proposed by the BOARD as per the FUND'S annuity strategy as contemplated in the DEFAULT REGULATIONS or alternative annuities chosen by the MEMBER.
- (5) The FUND will DISINVEST the MEMBER'S FUND CREDIT on –
 - (a) the later of receipt of MANUAL WITHDRAWAL NOTIFICATION or the date of the MEMBER'S retirement, or

- (b) the later of receipt of ELECTRONIC WITHDRAWAL NOTIFICATION or the date on which the FUND has received all the CONTRIBUTIONS payable in respect of the MEMBER: Provided that if the FUND has not received all the CONTRIBUTIONS payable in respect of the MEMBER, his FUND CREDIT will not be DISINVESTED later than 60 days after his retirement,

as the case may be.

- (6) Payment of the benefit, together with INTEREST calculated from the seventh working day following the CALCULATION DATE to the date of payment, will be made as soon as possible after the date of the MEMBER'S leaving service.
- (7) A MEMBER who has retired under sub-Rule (1) or (2), may transfer his retirement benefit to any fund as allowed in the INCOME TAX ACT, subject to the requirements of the COMMISSIONER and the AUTHORITY.
- (8) A MEMBER'S membership of the FUND shall cease as soon as the lump sum benefit payable under sub-Rules (4)(a) and (b) has been paid and the purchase of the annuity referred to in sub-Rule (4)(c) has been concluded, or the MEMBER has transferred his benefit to another fund as contemplated in sub-Rule (7). Thereafter, the FUND will have no further liability in respect of such MEMBER.

33. DEATH BENEFITS

(1) Benefit

- (a) If a MEMBER dies whilst in the service of a LOCAL AUTHORITY, the FUND will DISINVEST his FUND CREDIT on –
 - (i) the earlier of receipt of MANUAL WITHDRAWAL NOTIFICATION or written notification of the MEMBER'S death and such other documentation as the BOARD may require, or
 - (ii) the later of receipt of ELECTRONIC WITHDRAWAL NOTIFICATION and such other documentation as the BOARD may require or the date on which the FUND has received all the CONTRIBUTIONS payable in respect of the MEMBER: Provided that if the FUND has not received all the CONTRIBUTIONS payable in respect of the MEMBER, his FUND CREDIT will not be DISINVESTED later than 60 days after his death,

as the case may be.
- (b) One of the following benefits, as well as such additional amount as may be determined by the BOARD from time to time in consultation with the ACTUARY, will then be payable by the FUND:
 - (i) In respect of a MEMBER who joined the FUND after 26 April 2013 who was already over the age of 60 years when he became a MEMBER, a benefit equal to his FUND CREDIT plus one times his annual SALARY;
 - (ii) if he has already reached the NORMAL RETIREMENT DATE, a benefit equal to his FUND CREDIT;
 - (iii) if his death was due to unnatural causes, a benefit equal to his FUND CREDIT plus four times his annual SALARY;
 - (iv) if he had less than five years' SERVICE, a benefit equal to his FUND CREDIT plus two times his annual SALARY;
 - (v) if he had at least five years' SERVICE, a benefit equal to his FUND CREDIT plus four times his annual SALARY; or
 - (vi) if he dies after the BOARD determined that he qualifies for benefits as a result of MEDICAL DISABILITY but before the LOCAL AUTHORITY concerned had terminated his service, a benefit in terms of the provisions of Rule 35(4):

- (c) The FUND will DISINVEST the multiple of the MEMBER'S annual SALARY referred to in paragraph (b) above from the RISK ACCOUNT as contemplated in Rule 30(3)(a)(ii) and credit one-third of it to the MEMBER'S SAVINGS COMPONENT and two-thirds to his RETIREMENT COMPONENT on the later of receipt of the MEMBER'S death certificate or such other written confirmation of his death deemed acceptable by the BOARD, and receipt of written confirmation of the MEMBER'S SALARY. In the event that the FUND does not receive these documents within three months of the MEMBER'S death, the MEMBER'S death benefit will be increased with the returns that would have applied had the multiple of the MEMBER'S annual SALARY been invested in the EXIT PORTFOLIO on the first day of the fourth month after the MEMBER'S death to the date of payment.

(2) Restrictions

- (a) The BOARD may in consultation with the ACTUARY reinsure the benefits described in Rules 33(1) and 35(4) with an INSURER. The said benefits shall be subject to the conditions imposed by the INSURER concerned and each MEMBER shall only be entitled to the said benefits to the extent that he is accepted by the said INSURER for such benefits: Provided that the BOARD may, in its absolute discretion and after consultation with the ACTUARY, make provision for payment out of the RISK ACCOUNT of part of any benefit which has been reduced or for payment of the whole benefit, where the said INSURER has refused to admit a claim in respect of any benefit: Provided further that the benefit payable in respect of a MEMBER shall not be less than the reinsured benefit of such MEMBER.
- (b) Any MEMBER in respect of whom the benefits in terms of Rules 33(1) and 35(4) are restricted in terms hereof shall be informed of the extent of such restriction by the BOARD.

(3) Payment of Benefit

- (a) A BENEFICIARY becomes entitled to a MEMBER'S death benefit on the date of the resolution of the BOARD regarding the distribution thereof.
- (b) The death benefit may be paid in a single amount or used to purchase one or more pensions for BENEFICIARIES or a combination thereof. Once a pension has been purchased for a BENEFICIARY, the FUND will have no further liability in respect of the MEMBER and the INSURER will be solely liable for the payment of the pension.

- (c) Payment of the death benefit, together with INTEREST calculated from the seventh working day following the CALCULATION DATE to the date of payment, shall be made in terms of section 37C of the ACT, whereafter there shall be no further claim against the FUND in respect of the MEMBER concerned.
- (d) Notwithstanding anything else to the contrary contained in this sub-Rule (3), the BOARD may apply the whole of or such a portion of the death benefit of a MEMBER towards funeral costs as the BOARD may decide in its sole discretion.
- (e) If the cost of the benefits in terms of Rules 33(1) and 35(4), as determined by the ACTUARY, exceeds the LOCAL AUTHORITY'S CONTRIBUTIONS as contemplated in terms of Rule 30(3)(a)(i), after taking into account the RISK ACCOUNT referred to in Rule 30(3), the BOARD may reduce the benefits in terms of Rules 33(1) and 35(4) or adjust the LOCAL AUTHORITY'S CONTRIBUTIONS as contemplated in terms of Rule 30(3)(a)(i) in the manner recommended by the ACTUARY.

34. TERMINATION OF SERVICE

(1) SAVINGS WITHDRAWAL BENEFIT

A MEMBER may elect to withdraw a portion of his SAVINGS COMPONENT before he reaches his RETIREMENT DATE, referred to as a SAVINGS WITHDRAWAL BENEFIT, subject to the following conditions:

- (a) the MEMBER may only make one such withdrawal from 1 March until the end of February of the next year, and
- (b) the value of each withdrawal amount may not be less than the minimum amount prescribed by the COMMISSIONER:

Provided that the FUND may limit or prohibit a MEMBER'S access to a SAVINGS WITHDRAWAL BENEFIT as required under section 37D of the ACT.

(2) Resignation or Dismissal

- (a) If a MEMBER who is not obliged to retire in terms of Rule 32(1), leaves the service of a LOCAL AUTHORITY voluntarily or his service is terminated for reasons other than those provided for in Rules 34(4) and 44(1)(a), and Rule 38 does not apply, he will become entitled to a lump sum benefit equal to his VESTED COMPONENT, and, provided that the *de minimis* requirements set by the COMMISSIONER are met, his SAVINGS COMPONENT, referred to as the MEMBER'S WITHDRAWAL BENEFIT.
- (b) The FUND will DISINVEST the MEMBER'S WITHDRAWAL BENEFIT on –
 - (i) the later of receipt of MANUAL WITHDRAWAL NOTIFICATION or the date of the MEMBER'S leaving service, or
 - (ii) the later of receipt of ELECTRONIC WITHDRAWAL NOTIFICATION or the date on which the FUND has received all the CONTRIBUTIONS payable in respect of the MEMBER: Provided that if the FUND has not received all the CONTRIBUTIONS payable in respect of the MEMBER, his FUND CREDIT will not be DISINVESTED later than 60 days after he left service,

as the case may be.

- (c) A MEMBER may elect to –
- (i) preserve his WITHDRAWAL BENEFIT in the FUND under sub-Rule (7), provided that his RETIREMENT COMPONENT is then also retained in the FUND;
 - (ii) transfer his WITHDRAWAL BENEFIT and his RETIREMENT COMPONENT to one or more APPROVED FUNDS or APPROVED PRESERVATION FUNDS, provided that the MEMBER'S RETIREMENT COMPONENT, SAVINGS COMPONENT and VESTED COMPONENT may not be transferred to different funds, but must be transferred to the selected APPROVED FUNDS or APPROVED PRESERVATION FUNDS proportionately;
 - (iii) take a portion of his WITHDRAWAL BENEFIT in a lump sum and transfer the balance of his WITHDRAWAL BENEFIT and his RETIREMENT COMPONENT to an APPROVED FUND or an APPROVED PRESERVATION FUND, provided that the MEMBER'S RETIREMENT COMPONENT, SAVINGS COMPONENT and VESTED COMPONENT may not be transferred to different funds, but must be transferred to the selected APPROVED FUNDS or APPROVED PRESERVATION FUNDS proportionately; or
 - (iv) take his whole WITHDRAWAL BENEFIT in a lump sum and keep his RETIREMENT COMPONENT in the FUND or transfer it to an APPROVED FUND or an APPROVED PRESERVATION FUND.

(3) Cessation of tax residency or expiry of visa

A MEMBER who has left the service of a LOCAL AUTHORITY and has ceased to be a South African tax resident for an uninterrupted period of 3 years or has left South Africa at the end of his work or visitor's visa as contemplated in the INCOME TAX ACT, will become entitled to a lump sum benefit equal to his FUND CREDIT, or the balance of his FUND CREDIT if he has already been paid a WITHDRAWAL BENEFIT.

(4) Redundancy or Retrenchment

- (a) If a MEMBER'S service is terminated owing to a reduction in or re-organisation of staff, or to the abolition of his post, or in order to effect improvements in efficiency or organisation or as the result of his having been declared redundant or having been retrenched, or if his service is terminated due to staff reduction as defined in the conditions of service applying to such MEMBER, the MEMBER will become entitled to:
 - (i) (aa) an early retirement benefit in terms of Rule 32 if he has already reached the age of fifty years, or
 - (bb) a WITHDRAWAL BENEFIT if he has not yet reached the age of fifty years,

plus

- (ii) an amount payable by the LOCAL AUTHORITY concerned, being the lesser of -
 - (aa) the difference between the MEMBER'S NORMAL RETIREMENT AGE and his age on his nearest birthday, multiplied by 8 per cent, multiplied by the MEMBER'S FUND CREDIT;
 - (bb) 100 per cent of the MEMBER'S FUND CREDIT; or
 - (cc) such amount as agreed between the LOCAL AUTHORITY and the MEMBER in writing:

Provided that, if a MEMBER'S service is terminated, the LOCAL AUTHORITY shall pay the amount payable in terms of paragraph (ii) to the FUND before such MEMBER'S service shall be deemed by the FUND to have been terminated in terms of this sub-Rule (4): Provided further that if the LOCAL AUTHORITY concerned fails to pay such amount to the FUND within seven days after a MEMBER'S service is terminated in terms of this sub-Rule (4), the BOARD may charge INTEREST on the amount due, calculated from the day on which the amount became due up to and including the date on which payment is received by the FUND.

- (b) One-third of the amount payable by the LOCAL AUTHORITY under paragraph (a)(ii) will be credited to the MEMBER'S SAVINGS COMPONENT, and two-thirds to his RETIREMENT COMPONENT.

- (c) On leaving service under this sub-Rule, the MEMBER'S WITHDRAWAL BENEFIT will become payable as a lump sum and the provisions of sub-Rule (2)(c) will apply. The balance of his FUND CREDIT will only become payable when he reaches the age of fifty.
- (d) The FUND will DISINVEST the MEMBER'S WITHDRAWAL BENEFIT on –
 - (i) the later of receipt of MANUAL WITHDRAWAL NOTIFICATION or the date of the MEMBER'S leaving service, or
 - (ii) the later of receipt of ELECTRONIC WITHDRAWAL NOTIFICATION or the date on which the FUND has received all the CONTRIBUTIONS payable in respect of the MEMBER: Provided that if the FUND has not received all the CONTRIBUTIONS payable in respect of the MEMBER, his benefit under paragraph (a) will not be DISINVESTED later than 60 days after he left service,

as the case may be.

(5) Payment of benefit

The benefits payable in terms of this Rule as a lump sum, together with INTEREST, calculated from the seventh working day following the CALCULATION DATE to the date of payment, will be made as soon as possible, but not later than ninety days after the date of the MEMBER'S leaving service.

(6) LOCAL AUTHORITY'S notification of reasons for termination of service

For the purposes of establishing the benefit to which the MEMBER or his BENEFICIARIES is entitled, the BOARD will be entitled to act without further enquiry on the particulars furnished to them by the LOCAL AUTHORITY concerned of the reason for the MEMBER'S termination of service. The LOCAL AUTHORITY indemnifies the FUND against any claims instituted against the FUND as a result of the BOARD so acting.

(7) Paid-up benefit

A MEMBER who has elected to preserve his benefit in the FUND, or is deemed to have absconded under Rule 27(2)(c), or who has not made any election under Rule 34(2)(c), will become a PAID-UP MEMBER and the following provisions will apply:

- (a) The balance of the PAID-UP MEMBER'S FUND CREDIT, after deduction of the outstanding housing loan as contemplated in Rule 16(5)(b) and any other deductions allowed for in legislation, in the manner set out in the ACT and the INCOME TAX ACT, shall be the opening balance of his SHARE ACCOUNT;
- (b) the FUND will issue a paid-up membership certificate as envisaged in the DEFAULT REGULATIONS in respect of the PAID-UP MEMBER;
- (c) no further CONTRIBUTIONS shall be payable by or on behalf of the PAID-UP MEMBER after the date of his leaving service;
- (d) the PAID-UP MEMBER will remain invested in the investment portfolio that applied to him immediately before his benefit became paid-up: Provided that he may change that investment portfolio as contemplated in Rule 16A(1);
- (e) such investment earnings in terms of Rule 30(1)(a)(v) and amounts referred to in Rule 30(1)(a)(vii) as determined by the BOARD shall be credited to the PAID-UP MEMBER'S FUND CREDIT, subject to such terms and conditions as determined by the BOARD;
- (f) the costs and expenses in terms of Rule 30(1)(b)(xi) shall be debited against the PAID-UP MEMBER'S FUND CREDIT;
- (g) the PAID-UP MEMBER shall not be entitled to nor shall any deductions be made in respect of any benefits in terms of Rule 33 or 34(4); only benefits in terms of this sub-Rule (7) will be payable;
- (h) the PAID-UP MEMBER will be entitled to take a SAVINGS WITHDRAWAL BENEFIT or a WITHDRAWAL BENEFIT at any time before reaching his NORMAL RETIREMENT DATE;
- (i) the PAID-UP MEMBER may at any time transfer his FUND CREDIT to an APPROVED FUND or an APPROVED PRESERVATION FUND, whereafter the FUND will have no further obligation towards him;
- (j) the PAID-UP MEMBER will become entitled to a retirement benefit when he reaches the age of fifty years, in which case the provisions of Rule 32 will apply;
- (k) the PAID-UP MEMBER will be given access to retirement benefits counselling as envisaged in the DEFAULT REGULATIONS before any benefit is paid to him or transferred on his behalf to another fund; and

- (l) if such PAID-UP MEMBER dies after his leaving the service but prior to his FUND CREDIT having been paid to him, his FUND CREDIT as at the date of his death shall be paid in accordance with Rule 33(3).

35. TERMINATION OF SERVICE DUE TO MEDICAL DISABILITY

- (1) A MEMBER or the LOCAL AUTHORITY in whose service he is, may apply to the BOARD for the payment of benefits to such MEMBER as a result of MEDICAL DISABILITY. The costs of all the medical examinations and such portion of the costs of evaluations as determined by the BOARD from time to time, shall be paid by the applicant.
- (2) The applicant shall submit the application contemplated in sub-Rule (1) in such format as the BOARD may determine. The application shall contain such information as the BOARD may determine and shall be accompanied by the medical reports substantiating the MEMBER'S MEDICAL DISABILITY. If the BOARD, in its sole discretion, requires further evidence, it may appoint such additional medical practitioners as the BOARD considers fit to examine the MEMBER.
- (3) The BOARD may also, if it deems it necessary, appoint any independent person or institution to consider the application referred to in sub-Rule (1). The person or institution so appointed shall follow the procedure normally adopted by it in evaluating applications of this nature.
- (4) The BOARD, acting upon the advice of medical practitioners, or an independent person or institution appointed in terms of sub-Rule (3) and following the procedure as determined by the BOARD from time to time, shall determine whether a MEMBER qualifies for benefits as a result of MEDICAL DISABILITY. It shall then, within 12 days after such determination (hereinafter referred to as the date of disability), inform the LOCAL AUTHORITY concerned accordingly. If the LOCAL AUTHORITY concerned then terminates the service of the MEMBER as a result of MEDICAL DISABILITY within one CALENDAR MONTH thereafter, the MEMBER shall, subject to the provisions of sub-Rules (5), (6), (7) and (8), be entitled to a retirement benefit equal to –
 - (a) in the case of a MEMBER whose membership of the FUND started before 1 July 2023 and whose date of disability was before 1 July 2023, the greater of his FUND CREDIT or $(4 - m/30)$ times his SALARY at the date of disability, where m is equal to –
 - (i) 0, if he has not yet reached the age of 60 years; or
 - (ii) the number of completed months from reaching the age of 60 years;

- (b) in the case of a MEMBER whose membership of the FUND started before 1 July 2023 and whose date of disability is on or after 1 July 2023, the greater of the benefits referred to in paragraphs (a) and (c); or
- (c) in the case of a MEMBER whose membership of the FUND started on or after 1 July 2023, his FUND CREDIT plus the following multiple of his SALARY at the date of disability, depending on his age at the date of disability:

Age at date of disability	Multiple of SALARY
30 and younger	4
31 to 35	3.5
36 to 40	3
41 to 45	2.5
46 to 50	2
51 to 55	1.5
56 to 64	1
65 and older	0

Provided that one-third of the multiple of salary will be credited to the MEMBER'S SAVINGS COMPONENT, and two-thirds to his RETIREMENT COMPONENT.

- (5) If the MEMBER has less than five years' SERVICE at the date of disability and his MEDICAL DISABILITY is due to an injury, illness or condition which he –
 - (a) knew about, or could reasonably be expected to know about;
 - (b) was diagnosed with;
 - (c) was treated for; or
 - (d) displayed symptoms of
 within 12 months before the start of his membership of the FUND, he shall be entitled to a retirement benefit equal to –
 - (i) in the case of a MEMBER whose membership of the FUND started before 1 July 2023 and whose date of disability was before 1 July 2023, the greater of his FUND CREDIT or 2 times his SALARY at the date of disability'
 - (ii) in the case of a MEMBER whose membership of the FUND started before 1 July 2023 and whose date of disability is on or after 1 July 2023, the greater of the benefits referred to in paragraphs (i) and (iii); or

- (iii) in the case of a MEMBER whose membership of the FUND started on or after 1 July 2023, his FUND CREDIT plus the following multiple of his SALARY at the date of disability, depending on his age at the date of disability:

Age at date of disability	Multiple of SALARY
30 and younger	2
31 to 35	1.75
36 to 40	1.5
41 to 45	1.25
46 to 50	1
51 to 55	0.75
56 to 64	0.5
65 and older	0

Provided that one-third of the multiple of salary will be credited to the MEMBER'S SAVINGS COMPONENT, and two-thirds to his RETIREMENT COMPONENT.

- (6) A MEMBER who previously received benefits as a result of medical disability, shall only be entitled to a benefit equal to his FUND CREDIT: Provided that the BOARD may, in its sole discretion and subject to such conditions as it may deem fit, remove this restriction.
- (7) A MEMBER who joined the FUND after 26 April 2013 who was already over the age of 60 years when he became a MEMBER, shall only be entitled to the greater of his FUND CREDIT or one times his annual SALARY at the date of the BOARD'S determination.
- (8) A MEMBER who has already reached the NORMAL RETIREMENT DATE, shall only be entitled to his FUND CREDIT at the date of the BOARD'S determination.
- (9) The FUND will DISINVEST the MEMBER'S FUND CREDIT on –
- the later of receipt of MANUAL WITHDRAWAL NOTIFICATION and such other documentation as the BOARD may require or the date of the MEMBER'S leaving service, or
 - the later of receipt of ELECTRONIC WITHDRAWAL NOTIFICATION and such other documentation as the BOARD may require or the date on which the FUND has received all the CONTRIBUTIONS payable in respect of the MEMBER: Provided that if the FUND has not received all the CONTRIBUTIONS payable in respect of the MEMBER, his FUND CREDIT will not be DISINVESTED later than 60 days after he left service,

as the case may be.

- (10) The MEMBER'S benefit will be payable as a retirement benefit and the provisions of Rule 32(4) will apply *mutatis mutandis*. Payment of the benefit, together with INTEREST, calculated from the seventh working day following the CALCULATION DATE to the date of payment, shall be made as soon as possible after the date of the MEMBER'S termination of service. Once the benefit has been paid to the MEMBER, the MEMBER will have no further claim against the FUND in this regard.

36. MONEYS DUE MAY BE DEDUCTED FROM BENEFIT

- (1) The FUND may make any deduction from a benefit that is permitted by the ACT, subject to such conditions imposed by the ACT and the Income Tax Act.
- (2) The FUND may also withhold a portion or the whole of a MEMBER'S benefit with the intention of giving effect to such a deduction until the matter has been finally determined by a court of law or has been settled or formally withdrawn, but only if –
 - (a) in the event of an amount due by the MEMBER to his LOCAL AUTHORITY as referred to in section 37D(1)(b)(ii) of the ACT,
 - (i) the LOCAL AUTHORITY informs the FUND in writing of a potential claim against the MEMBER before or at the same time as it submits the MEMBER'S WITHDRAWAL NOTIFICATION to the FUND, including the estimated amount, together with interest, that it requires the FUND to withhold; and
 - (ii) the BOARD in its reasonable discretion are satisfied that the LOCAL AUTHORITY has instituted or will institute legal proceedings against the MEMBER within a reasonable period and has not caused any unreasonable delays in bringing it to finalisation;
 - (b) in the event of an amount payable in terms of a maintenance order as referred to in section 37D(1)(d)(iA) of the ACT,
 - (i) where the maintenance court or the person claiming maintenance informs the FUND in writing of a pending maintenance enquiry against the MEMBER before or at the same time as the FUND receives the WITHDRAWAL NOTIFICATION for the MEMBER, including the estimated amount that the FUND is required to withhold; and
 - (ii) the BOARD in its reasonable discretion is satisfied that the proceedings against the MEMBER regarding the settlement of the maintenance order will be finalised within a reasonable period; and
 - (c) the amount withheld is not higher than the amount that may be deducted in terms of section 37D(1) of the ACT.

- (3) When the FUND receives the WITHDRAWAL NOTIFICATION of a MEMBER for whom the deduction referred to in this Rule 36 has to be made, the FUND will –
- (a) disinvest the MEMBER'S SAVINGS WITHDRAWAL BENEFIT, WITHDRAWAL BENEFIT or FUND CREDIT, as the case may be;
 - (b) apply for a tax directive on the MEMBER'S benefit;
 - (c) when it receives the tax directive, deduct the tax from the MEMBER'S benefit and pay it to the COMMISSIONER;
 - (d) make and pay the deductions in terms of section 37D of the ACT in the order of preference as set out in the ACT, except for the amount withheld under sub-Rule (2);
 - (e) invest the portion of the MEMBER'S benefit that covers the amount withheld under sub-Rule (2) in the EXIT PORTFOLIO, where it will remain until the date of payment; and
 - (f) pay the balance of the MEMBER'S benefit, if any, to the MEMBER.
- (4) As soon as the matter referred to in Rule 36(2) has been finalised, the FUND will pay the amount due to the LOCAL AUTHORITY or the Magistrates Court, as the case may be. The FUND will then pay the balance of the MEMBER'S benefit, if any, to the MEMBER or his BENEFICIARY, as the case may be.

37. COMMUNICATIONS

Communications in connection with these Rules and the administration of the FUND may be in writing, in which case it can be delivered in person, sent by mail, via facsimile transmission or per e-mail, or telephonically.

38. REJOINING OF SERVICE OF LOCAL AUTHORITY

If a MEMBER leaves the service of a LOCAL AUTHORITY and is thereafter re-employed by the same or another LOCAL AUTHORITY, he will not be entitled to a withdrawal or any other benefit. Instead, his membership record will be moved to his new LOCAL AUTHORITY employer, his FUND CREDIT will stay invested in the same investment portfolio applying to him immediately before his re-employment, unless he elects another investment portfolio as referred to in Rule 16A(1), and he will remain a MEMBER.

38A. REJOINING OF FUND

If a person whose membership of the FUND was terminated and who received a benefit in terms of the Rules of the FUND, becomes a MEMBER of the FUND within five years after his membership was so terminated, he may elect to refund the full benefit received by him to the FUND, -

- (i) in one amount, or
- (ii) by instalments approved by the BOARD,

whereafter his FUND CREDIT will be increased by the amounts so repaid and the BOARD may condone his break in SERVICE: Provided that if the MEMBER concerned fails to exercise this option in writing within four months after the date of his rejoining, he will be considered as a new MEMBER: Provided further that the BOARD shall be entitled to accept such late elections received by the FUND as they, in their absolute discretion, may determine.

39. A BENEFIT CANNOT BE CEDED, PLEDGED OR ATTACHED

If a person purports or attempts to transfer or otherwise cede or pledge or hypothecate any benefit in terms of these Rules in contravention of section 37A of the ACT, the BOARD may exercise the powers vested in the FUND in terms of that section.

40. DISPOSITION OF BENEFITS UPON INSOLVENCY

If the estate of any person entitled to a benefit in terms of these Rules is sequestrated or surrendered, section 37B of the ACT shall apply.

41. UNCLAIMED MONEYS

- (1) A period of two years will be allowed for a person to claim any benefit which accrues to him in terms of these Rules (other than amounts due on the death of a MEMBER). During this period the benefit will be kept in the MEMBER'S SHARE ACCOUNT. If the benefit has been taken out of the MEMBER'S SHARE ACCOUNT, the FUND shall pay INTEREST to the beneficiary on the said amount calculated from a date twelve months after the beneficiary became entitled to the benefit to the date of payment. After the expiry of the two-year period, the BOARD may direct that any monies that can be classified as an unclaimed benefit as defined in the ACT be transferred to an unclaimed benefits preservation fund established in terms of the ACT to receive such unclaimed benefit.
- (2) Amounts due on the death of a MEMBER will be dealt with in terms of the provisions of Rule 33(3).
- (3) Notwithstanding the provisions of sub-Rule (1) -
 - (a) the FUND may admit a claim made after the expiry of the two-year period;
 - (b) any unclaimed monies remaining in a MEMBER'S SHARE ACCOUNT at the date the FUND terminates will be paid to an appropriate fund.

For the purposes of this Rule "appropriate fund" means the fund established by law in terms of the ACT to receive such unclaimed monies.

42. ALLOCATION BETWEEN COMPONENTS AND TRANSFERS TO OR FROM THE FUND

- (1) A MEMBER may elect to allocate any part of his VESTED COMPONENT or his SAVINGS COMPONENT into his RETIREMENT COMPONENT at any time, provided that such an election is irrevocable.
- (2) If a MEMBER who was a member of an APPROVED PENSION FUND or APPROVED PROVIDENT FUND before he became a MEMBER of the FUND elects to transfer his benefit or such portion thereof as allowed under the INCOME TAX ACT from that APPROVED PENSION FUND or APPROVED PROVIDENT FUND to the FUND, the following will apply:
 - (a) That APPROVED PENSION FUND or APPROVED PROVIDENT FUND must pay a TRANSFER VALUE, split between the MEMBER'S VESTED BENEFIT and NON-VESTED BENEFIT in his VESTED COMPONENT, and his SAVINGS COMPONENT and RETIREMENT COMPONENT, to the FUND;
 - (b) the TRANSFER VALUE will form the opening balance in the MEMBER'S SHARE ACCOUNT as referred to in Rule 30(1)(a)(i);
 - (c) the MEMBER will not be required to satisfy the FUND'S requirements relating to evidence of age if he was entitled to unrestricted benefits at the previous fund; and
 - (d) such periods of service recognised as pensionable service by the rules of that APPROVED PENSION FUND or APPROVED PROVIDENT FUND as the BOARD may decide shall be regarded as SERVICE by the FUND.
- (3) If a MEMBER elects to transfer a paid-up benefit from an APPROVED PENSION FUND or APPROVED PROVIDENT FUND of which he was previously a member to the FUND, the following will apply:
 - (a) That APPROVED PENSION FUND or APPROVED PROVIDENT FUND must pay a TRANSFER VALUE, split between the MEMBER'S VESTED BENEFIT and NON-VESTED BENEFIT in his VESTED COMPONENT, and his SAVINGS COMPONENT and RETIREMENT COMPONENT, to the FUND;

- (b) if allowed for under the INCOME TAX ACT and the ACT, the MEMBER will have the choice to add this TRANSFER VALUE to his existing SHARE ACCOUNT, or to request that another SHARE ACCOUNT be set up for this TRANSFER VALUE
 - (c) no periods of service recognised as pensionable service by the rules of that APPROVED PENSION FUND or APPROVED PROVIDENT FUND shall be regarded as SERVICE by the FUND; and
 - (d) the provisions as envisaged in the DEFAULT REGULATIONS will apply.
- (4) If a MEMBER elects to transfer a benefit from an APPROVED PRESERVATION FUND to the FUND, the following will apply:
- (a) That APPROVED PRESERVATION FUND must pay a TRANSFER VALUE, split between the MEMBER'S VESTED BENEFIT and NON-VESTED BENEFIT in his VESTED COMPONENT, and his SAVINGS COMPONENT and RETIREMENT COMPONENT, to the FUND; and
 - (b) if allowed for under the INCOME TAX ACT and the ACT, the MEMBER will have the choice to add this TRANSFER VALUE to his existing SHARE ACCOUNT, or to request that another SHARE ACCOUNT be set up for this TRANSFER VALUE.
- (5) A MEMBER may elect in writing to transfer his FUND CREDIT to any fund as allowed under the INCOME TAX ACT. The FUND shall then transfer his FUND CREDIT, split between the MEMBER'S VESTED BENEFIT and NON-VESTED BENEFIT in his VESTED COMPONENT, and his SAVINGS COMPONENT and RETIREMENT COMPONENT, to such fund.

43. AMENDMENT OF RULES AND ADJUSTMENT OF BENEFITS

- (1) The Rules of the FUND may be amended, rescinded or added to by the BOARD, subject to the provisions of section 12 of the ACT.
- (2) The BOARD may, at the request of the particular LOCAL AUTHORITY and the MEMBER, increase the benefits to which a MEMBER is entitled in terms of the Rules of the FUND, provided that any increase in the obligations to the FUND caused by such amendment as calculated by the ACTUARY, is paid to the FUND.
- (3) The BOARD may for any other reason which it after consultation with the ACTUARY deems equitable, increase the benefits to which a MEMBER is entitled in terms of the Rules of the FUND, provided that any increase in the obligations of the FUND caused by such increase, as calculated by the ACTUARY, is paid to the FUND.

44. RECONSTRUCTION AND DISSOLUTION OF THE FUND

(1) Reconstruction

- (a) If a LOCAL AUTHORITY is restructured and a part or all of its business is transferred to another LOCAL AUTHORITY who is also participating or intends to participate in the FUND, the MEMBERS affected by such transfer will not be entitled to resignation benefits. Instead they will remain MEMBERS and their member records will be moved from the first LOCAL AUTHORITY to the new LOCAL AUTHORITY. Their FUND CREDITS will stay invested in the portfolio applying to them immediately before the transfer.
- (b) If a LOCAL AUTHORITY ceases to exist as the result of its reconstruction in a different form, such reconstructed LOCAL AUTHORITY shall take the place of the former LOCAL AUTHORITY, and the FUND shall not be affected by this, except that "LOCAL AUTHORITY" shall then include the new reconstructed LOCAL AUTHORITY.

(2) Complete Dissolution

- (a) If at least 90 per cent of the MEMBERS and at least 90 per cent of the LOCAL AUTHORITIES decide to dissolve the FUND, the BOARD shall, with the approval of the AUTHORITY, appoint a liquidator who shall liquidate the FUND with effect from the date of the AUTHORITY'S approval of his appointment by dividing all money of the FUND, after payment of all debts and costs of the dissolution, between MEMBERS and other beneficiaries in such a way as recommended by the ACTUARY, with due allowance for the rights and benefit expectations of the persons concerned and with due allowance for the payment of additional benefits by the FUND which has become an established practice, and approved by the liquidator, subject to the provisions of the ACT.
- (b) The dissolution procedure in terms of paragraph (a) shall be subject to the following provisions:
 - (i) the amount available for a person who will become entitled to a benefit in the future, reduced by any tax that may be payable thereon, shall, according to the decision of the liquidator, after consultation with such person –
 - (aa) be transferred for such person's benefit to an APPROVED FUND;

(bb) be applied to purchase an ANNUITY for such person at an INSURER; or

(cc) where allowed under the INCOME TAX ACT, be paid to such person in cash:

Provided that if the MEMBER is not entitled to retire as contemplated in Rule 32(1) or 32(2)(a) yet, he will not be entitled to receive his RETIREMENT COMPONENT and it must be transferred to an APPROVED FUND or APPROVED PRESERVATION FUND of his choice;

- (ii) if a beneficiary cannot be traced, the benefit shall, notwithstanding the provisions of Rule 41, be disposed of in such manner as provided for in the scheme of dissolution: Provided that any remaining benefits shall be deposited into the Guardian's Fund in accordance with the provisions of section 28 of the ACT.
- (c) All EMPLOYEES who have left the service of a LOCAL AUTHORITY voluntarily or owing to re-organisation in the immediately preceding twelve months, shall for purposes of this Rule be deemed to be MEMBERS on the date of dissolution of the FUND: Provided that benefits already paid to such persons prior to the division of the remaining assets, shall be taken into account in the calculation of the amount payable to such persons.

(3) Partial Dissolution

- (a) A LOCAL AUTHORITY may apply to the BOARD in writing for the termination of its CONTRIBUTIONS to the FUND, who shall only grant their approval if the BOARD, in its absolute discretion, resolves that the reason tendered by such LOCAL AUTHORITY is acceptable.
- (b) If such LOCAL AUTHORITY and 90 percent of the MEMBERS employed by such LOCAL AUTHORITY decides to establish a new fund or scheme or to participate in another fund or scheme for the purpose of providing retirement benefits for EMPLOYEES who are members thereof, and the BOARD so approves, the BOARD may, in consultation with the ACTUARY, notwithstanding anything to the contrary contained in these Rules, apply the FUND CREDIT of each MEMBER concerned to acquire benefits for the MEMBERS concerned under the new fund or scheme, in such manner as the BOARD, after consultation with the ACTUARY and with the approval of the AUTHORITY, may determine, subject to the provisions of section 14 of the ACT.

- (c) If such LOCAL AUTHORITY does not decide to establish a new fund or scheme or to participate in another fund or scheme for the purpose of providing retirement benefits for EMPLOYEES who are members thereof, and the BOARD so approves, the provisions of sub-Rule (2) shall apply *mutatis mutandis*.

44A. ELECTION OF MEMBER TO INCREASE SERVICE

- (1) A MEMBER can, subject to the provisions of the Rules, elect to increase his SERVICE, subject to the following provisions:
 - (a) An amount equal to the CONTRIBUTIONS which would have been payable for a similar period of current SERVICE shall be paid to the FUND in respect of such SERVICE; and
 - (b) neither the MEMBER'S nor the LOCAL AUTHORITY'S CONTRIBUTIONS in terms of Rules 26 and 31 respectively shall be affected by payment of the sum referred to in paragraph (a).
- (2) Any amount due to the FUND in terms of sub-Rule (1)(a), together with INTEREST, calculated from the date of the exercising of his election to the date or dates of repayment, shall be paid to the FUND over such a period as the BOARD may determine: Provided that the whole or part of the balance due may be paid at any time.
- (3) If a benefit in terms of the Rules becomes payable in respect of a MEMBER, the total amount paid in terms of sub-Rule (2) shall be credited to the FUND CREDIT: Provided that in the event of a benefit in terms of Rule 34(4)(a)(ii) becoming payable, the amount paid in terms of sub-Rule (2) shall not be taken into account for the determination of the amount payable by the LOCAL AUTHORITY.
- (4) The SERVICE contemplated in sub-Rule (1) shall not be taken into account for the determination of the periods of SERVICE contemplated in Rules 33(1) and 35(5).

45. SHORT TITLE AND DATE OF COMMENCEMENT

- (1) These rules shall be known as the Rules of the Municipal Gratuity Fund, previously known as the Municipal Employees Gratuity Fund, initially known as the Transvaal Municipal Gratuity Fund and commenced on 1 January 1994.
- (2) The Afrikaans appellation of the FUND is Munisipale Gratifikasiefonds.