

# FINANCIAL SERVICES BOARD



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THE PRINCIPAL OFFICER  
**UNIVERSITY OF CAPE TOWN RETIREMENT FUND**  
c/o **SANLAM LIFE INSURANCE LTD**  
PO BOX 1  
SANLAMHOF

7532

**CASE NUMBER: 451182**

Dear Sir/Madam

**PENSION FUNDS ACT, 24 OF 1956 & INCOME TAX ACT, 58 OF 1962: AMENDMENT 1**  
**(Effective 01 July 2017) - UNIVERSITY OF CAPE TOWN RETIREMENT FUND**

Your application of 22 September 2017 refers. I have enclosed a copy of the Amendment duly approved and registered in terms of section 12(4) of the Pension Funds Act.

The fund continues to be recognized as a Provident Fund in terms of the Income Tax Act.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Delara', written over a circular stamp or seal.

for **REGISTRAR OF PENSION FUNDS**

Enclosure

**AMENDMENT DOCUMENT NO. 1**  
**UNIVERSITY OF CAPE TOWN RETIREMENT FUND**

(called the FUND in this document)

**Resolution**

The Board of TRUSTEES of the FUND resolved at Rondebosch on 14 September 2017 to adopt the following amendments to the RULES of the FUND with effect from the following dates:

**1 July 2017**

1. RULE 5.5(5) is replaced by the following:

"5.5(5) If the LIVING ANNUITANT dies after the EFFECTIVE DATE then, notwithstanding any contrary provisions contained in the RULES, the BOARD may, at its discretion:

- (a) continue with the payment of a LIVING ANNUITY to the deceased LIVING ANNUITANT'S DEPENDANTS and/or NOMINEES in terms of RULE 5.5(1) mutatis mutandis; or
- (b) pay the LIVING ANNUITY BALANCE in a lump sum to the DEPENDANTS and/or NOMINEES involved; or
- (c) pay a part of the LIVING ANNUITY BALANCE in a lump sum to such DEPENDANT or NOMINEE, and apply the balance to pay a LIVING ANNUITY to him/her in terms of RULE 5.5(1) mutatis mutandis,

subject, in respect of a LIVING ANNUITANT who was a MEMBER, to Section 37C of the ACT."

**1 October 2017**

2. The definition of "DEFAULT INVESTMENT MODEL" is replaced by the following:

"DEFAULT INVESTMENT MODEL means

- (a) for a MEMBER, other than a LIVING ANNUITANT, who has not yet reached the age of 60 years, an investment strategy developed by the BOARD in terms of which the assets of the MEMBERS concerned are invested in investment portfolios that the BOARD regards as suitable for the average MEMBER, if they fail to make their own choices of investment portfolios. The model reflects and allocation deemed to be appropriate for the average MEMBER younger than

age 60, based on his/her age and years to NORMAL RETIREMENT DATE and automatically switches the MEMBER to a new portfolio in terms of a pre-determined table based on years to NORMAL RETIREMENT DATE;

(b) for a MEMBER who had already reached the age of 60 years when he or she became a MEMBER, a money market portfolio determined by the BOARD for this purpose from time to time; and

(c) for a LIVING ANNUITANT, a single investment portfolio or a range of investment portfolios as the BOARD may determine for this purpose from time to time if they should so decide."

3. The following paragraph is added at the end of RULE 10.1(2):

"(f) any amounts applied in terms of RULE 13.8(6)(d)."

4. The following paragraph is added at the end of RULE 10.2(2):

"(g) any amounts applied in terms of RULE 13.8(6)(d)."

5. RULE 10.3(2)(n) is replaced by the following and paragraph (o) added:

"(n) any amounts applied in terms of RULE 13.8(6)(b); and

(o) at the discretion of the BOARD, any other expenses of the FUND not provided for above."

6. RULE 10.4(2)(a) is replaced by the following:

"(a) any amounts debited to this account arising from data errors, representing losses to the FUND that, in the judgment of the BOARD, cannot be recovered from any outside party;"

7. The following paragraph is added to RULE 10.4(2):

"(f) any amounts applied in terms of RULE 13.8(6)(a)."

8. The following paragraph is added to RULE 10.5(2):

"(d) any amounts applied in terms of RULE 13.8(6)(c)."

9. RULE 10.6(2)(f) is replaced by the following and paragraph (g) added:

"(f) any amounts applied in terms of RULE 13.8(6)(c); and

(g) amounts used by the EMPLOYER to avoid retrenchment of a significant proportion of its workforce in terms of Section 15J of the ACT."

10. RULE 13.8(5) is replaced by the following and RULE 13.8(6) added:

"13.8(5) If the investigation discloses a surplus in the FUND, the BOARD must, on advice of the ACTUARY, decide how to deal with such surplus. If necessary the FUND must amend the RULES to give effect to the decision.

13.8(6) If the investigation discloses a deficit in the FUND that cannot be recovered from an outside party, the deficit must be recovered from the CONTINGENCY RESERVE ACCOUNTS and the FUND's surplus accounts, and from the MEMBERS, in the following order:

- (a) The deficit must firstly be recovered from the balance in the DATA AND PROCESSING ERROR ACCOUNT.
- (b) If the balance in that account is insufficient, the excess must be recovered from the balance in the GENERAL RESERVE ACCOUNT.
- (c) If the sum of the balances in the DATA AND PROCESSING ERROR ACCOUNT and the GENERAL RESERVE ACCOUNT is insufficient to fully recover the deficit, the excess must be recovered from the MEMBER SURPLUS ACCOUNT and the EMPLOYER SURPLUS ACCOUNT in equal proportions. If the remaining deficit to be recovered is less than the combined balance of the two accounts, the amount debited to each account shall be calculated based on the proportion that each account bears to the combined balance. If the remaining deficit exceeds the combined balance, the full balance in each account shall be applied towards the deficit.
- (d) If the deficit is still not fully recovered, the excess must be recovered from the benefits of all the MEMBERS of the FUND on a basis that the BOARD considers equitable after consulting the ACTUARY."

#### Reasons for amendments

Paragraph 1: The Rules are aligned with the amendment, on 1 March 2012, to Paragraph (e) of the definition of "living annuity" in the Income Tax Act, by enabling the Fund to pay a portion of the Living Annuity Balance of a deceased Living Annuitant to his/her Dependant or Nominee in a lump sum, and to apply the balance to pay a Living Annuity to such Dependant or Nominee from the Fund.

Paragraph 2: The Rules are amended to provide that the benefit of a MEMBER who has not yet retired in terms of the Rules, but had already reached the age of 60 years, will be invested in a cash portfolio in the event that he/she fails to make a choice with regard to the investment portfolio(s) his/her benefit must be invested in. The Board may also determine a default investment model for Living Annuitants which will differ from the model for other Members.

Paragraphs 3 to 5 and 7 to 10: The Rules are amended to give effect to the Fund's decision as to the way in which an actuarial deficit in the Fund is to be dealt with. This is in order to remove any uncertainty in this regard.

Paragraph 6: The Rules are amended to make it clear that the decision by the Board in this regard is not a personal opinion but a judgment made by them based on carefully considering the information obtained by them from the relevant service providers.

Certification

Certified that the above resolution has been adopted in accordance with the provisions of the RULES of the FUND.

*John Toib*  
.....  
Chairperson of TRUSTEES

*[Signature]*  
.....  
Member of TRUSTEES

*[Signature]*  
.....  
Principal Officer

Certified that the above rule amendments will not affect the financial soundness of the FUND.

*Ed Polzella*  
.....  
ACTUARY

22 Sept. 2017  
.....  
Date

J01131/mh  
12 September 2017

REGISTERED BY ME ON THIS THE
05
DAY OF OCTOBER 2017
<i>[Signature]</i>
Registrar of Pension Funds