

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 6 December 2012 that the RULES of the FUND be amended as follows with effect from the following dates:

1 July 2010

1. The following definitions are included in RULE 1.5:

“**ACTUARIAL SURPLUS:** the difference between

- (a) the value that the ACTUARY has placed on the assets of the FUND less any credit balances in the MEMBER SURPLUS ACCOUNT and EMPLOYER SURPLUS ACCOUNT; and
- (b) the value that the ACTUARY has placed on the liabilities of the FUND in respect of pensionable service accrued by MEMBERS prior to the valuation date together with the value of the amounts standing to the credit of those CONTINGENCY RESERVE ACCOUNTS which are established or which the TRUSTEES deems prudent to establish on the advice of the ACTUARY.

CONTINGENCY RESERVE ACCOUNTS: the reserve accounts created by the TRUSTEES on the advice of the ACTUARY, which include:

- (a) GENERAL RESERVE ACCOUNT in terms of RULE 2.2(2);
 - (b) RISK BENEFIT RESERVE ACCOUNT in terms of RULE 2.2(4);
 - (c) FORMER MEMBER RESERVE ACCOUNT in terms of RULE 2.2(7);
 - (d) DATA RESERVE ACCOUNT in terms of RULE 2.2(8);
 - (e) PROCESSING ERROR RESERVE ACCOUNT in terms of RULE 2.2(9);
- and

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(f) SURPLUS APPORTIONMENT COST RESERVE ACCOUNT in terms of RULE 2.2(10).

MEMBER SURPLUS ACCOUNT: an account composed in terms of RULE 2.2(11).”

2. The definition of “RESERVE ACCOUNT INTEREST” in RULE 1.5 is replaced by the following:

“RESERVE ACCOUNT INTEREST: the investment return on the relevant underlying assets which shall be added to the

- (a) GENERAL RESERVE ACCOUNT in terms of RULE 2.2(2)(a)(vi);
- (b) RISK BENEFIT RESERVE ACCOUNT in terms of RULE 2.2(4)(a)(iv);
- (c) EMPLOYER SURPLUS ACCOUNT in terms of RULE 2.2(6)(a)(ii);
- (d) FORMER MEMBER RESERVE ACCOUNT in terms of RULE 2.2(7)(a)(iv);
- (e) DATA RESERVE ACCOUNT in terms of RULE 2.2(8)(a)(iv);
- (f) PROCESSING ERROR RESERVE ACCOUNT in terms of RULE 2.2(9)(a)(iv);
- (g) SURPLUS APPORTIONMENT COST RESERVE ACCOUNT in terms of RULE 2.2(10)(a)(iii); or
- (h) MEMBER SURPLUS ACCOUNT in terms of RULE 2.2(11)(a)(ii).

The investment return credited to these accounts will be the actual net investment return earned on the underlying balance in the account concerned.”

3. RULES 2.1 and 2.2 are replaced by the following:

“2.1 FUND ACCOUNTS

All moneys received by or on behalf of the FUND shall be credited to the FUND’S bank account established in terms of RULE 12.9.

Such moneys of the FUND shall be allocated to the FUND accounts, to be known as the

- (a) ACCUMULATION ACCOUNT,
- (b) RISK BENEFIT RESERVE ACCOUNT,

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- (c) GENERAL RESERVE ACCOUNT,
- (d) FORMER MEMBER RESERVE ACCOUNT,
- (e) EMPLOYER SURPLUS ACCOUNT,
- (f) DATA RESERVE ACCOUNT,
- (g) LIVING ANNUITY BALANCE ACCOUNT,
- (h) PROCESSING ERROR RESERVE ACCOUNT,
- (i) SURPLUS APPORTIONMENT COST RESERVE ACCOUNT, and
- (j) MEMBER SURPLUS ACCOUNT.

Each account shall be maintained separately from the others and transfers between accounts shall take place only as specified in the RULES.

In addition to these accounts, the FUND shall maintain such other accounts as it deems necessary from time to time.

2.2 COMPOSITION OF ACCOUNTS

2.2(1) ACCUMULATION ACCOUNT

The ACCUMULATION ACCOUNT shall comprise all the ACCUMULATED CREDITS of the MEMBERS and DEFERRED PENSIONERS. Each MEMBER'S or DEFERRED PENSIONER'S ACCUMULATED CREDIT shall comprise:

- (a) Credits
 - (i) An opening balance comprising the MEMBER'S TRANSFER VALUE from the OLD FUND as at the INCEPTION DATE should the member elect to invest this money in the FUND, or the MEMBER'S transfer value from another retirement fund at the date he or she joins the FUND if he or she elects to have his or her accumulation in such a fund transferred to the FUND on becoming a MEMBER of the FUND and the rules of the other retirement fund allow this;
 - (ii) EMPLOYER contributions of 16% of 1/12th of the MEMBER'S PENSIONABLE SALARY payable each month, less any special transfers from the EMPLOYER SURPLUS ACCOUNT in terms of RULE 8.2(2);

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- (iii) Additional contributions transferred from the RISK BENEFIT RESERVE ACCOUNT in terms of RULE 8.3 in respect of members who choose less than the maximum death-in-service benefit;
 - (iv) Any additional contributions made by the MEMBER or by the EMPLOYER for the MEMBER in terms of RULE 8.5;
 - (v) Ad hoc bonuses as determined by the TRUSTEES in consultation with the ACTUARY based upon distributable valuation profits in terms of RULE 12.8(4);
 - (vi) Special transfers from the EMPLOYER SURPLUS ACCOUNT in terms of RULE 8.2(2);
 - (vii) The balance of the MEMBER'S contributions payable to this account in terms of RULE 3.4(2)(a);
 - (viii) Transfers to this account as at the SURPLUS APPORTIONMENT DATE as agreed by the TRUSTEES and approved by the REGISTRAR in terms of Section 15B of the ACT from the GENERAL RESERVE ACCOUNT in terms of RULE 2.2(2)(b)(ii) or from the RISK BENEFIT RESERVE ACCOUNT in terms of RULE 2.2(4)(b)(iv)
 - (ix) Transfers to this account from the MEMBER SURPLUS ACCOUNT as agreed by the TRUSTEES on advice from the ACTUARY;
 - (x) The credits, if any, transferred from the MEMBER'S or DEFERRED PENSIONER'S TRANSITIONAL RETIREMENT RESERVE ACCOUNT on 29 February 2008; and
 - (xi) INTEREST.
- (b) Debits
- (i) RETIREMENT benefits payable in terms of Part 4.
 - (ii) Transfers to the LIVING ANNUITY BALANCE ACCOUNT of the balance of the ACCUMULATION ACCOUNT, after payment of any commutation, on retirement in terms of RULE 4.3(2);
 - (iii) Withdrawal payments in terms of Part 7;
 - (iv) Death benefit payments in terms of RULE 5.1(b);

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- (v) Costs incurred by the FUND in terms of RULE 11.12(5);
- (vi) Costs to be charged to a DEFERRED PENSIONER'S ACCUMULATED CREDIT in terms of RULE 7.2(2)(b); and
- (vii) Costs to be charged to a MEMBER'S ACCUMULATED CREDIT in terms of RULE 9.4.

2.2(2) GENERAL RESERVE ACCOUNT

The GENERAL RESERVE ACCOUNT is established to provide for contingencies and obligations of the FUND not covered by the

- ♦ ACCUMULATION ACCOUNT,
- ♦ RISK BENEFIT RESERVE ACCOUNT,
- ♦ EMPLOYER SURPLUS ACCOUNT,
- ♦ FORMER MEMBER RESERVE ACCOUNT,
- ♦ LIVING ANNUITY BALANCE ACCOUNT
- ♦ DATA RESERVE ACCOUNT,
- ♦ PROCESSING ERROR RESERVE ACCOUNT,
- ♦ SURPLUS APPORTIONMENT COST RESERVE ACCOUNT, and
- ♦ MEMBER SURPLUS ACCOUNT

and comprises a record of all moneys of the FUND not allocated to these accounts. The following transactions shall be recorded in this account:

- (a) Credits
 - (i) EMPLOYER contributions in terms of paragraphs (b)(iii), (c)(ii), (d)(ii), (e)(iii) and (f)(iv) of RULE 8.2(1);
 - (ii) The portion of the MEMBER contributions payable to this account in terms of RULE 3.4(2)(a);
 - (iii) Subject to the maximum amount determined by the TRUSTEES from time to time, small amounts of interest charged on the late payment of contributions in terms of the ACT, which if allocated to the MEMBERS' ACCUMULATED CREDITS would have a detrimental cost effect on the FUND and the MEMBERS;

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- (iv) Interest earned on cash held in the FUND'S bank account other than cash attributable to MEMBERS, DEFERRED PENSIONERS, PENSIONERS, DEPENDANTS or BENEFICIARIES
 - (v) Transfers to this account from any of the DATA RESERVE ACCOUNT, PROCESSING ERROR RESERVE ACCOUNT or SURPLUS APPORTIONMENT COST RESERVE ACCOUNT as agreed by the TRUSTEES on the advice of the ACTUARY;
 - (vi) RESERVE ACCOUNT INTEREST; and
 - (vii) FUND charges to
 - (aa) DEFERRED PENSIONERS' ACCUMULATED CREDITS as provided for in RULE 7.2;
 - (bb) LIVING ANNUITANTS' LIVING ANNUITY BALANCES as provided for in RULE 4.4(4)(g)^^^;
 - (cc) MEMBER'S ACCUMULATED CREDITS as provided for in RULE 9.4.
- (b) Debits
- (i) All costs and expenses referred to in RULE 12.14;
 - (ii) Amounts transferred as at the SURPLUS APPORTIONMENT DATE to the ACCUMULATION ACCOUNT, the LIVING ANNUITY BALANCE ACCOUNT, the FORMER MEMBER RESERVE ACCOUNT, the EMPLOYER SURPLUS ACCOUNT, the DATA RESERVE ACCOUNT, the PROCESSING ERROR RESERVE ACCOUNT, the SURPLUS APPORTIONMENT COST RESERVE ACCOUNT, as agreed by the TRUSTEES and approved by the REGISTRAR in terms of Section 15B of the ACT;
 - (iii) After the SURPLUS APPORTIONMENT DATE, transfers from this account to either of the MEMBER SURPLUS ACCOUNT, or EMPLOYER SURPLUS ACCOUNT in terms of RULE 12.8(2) of any ACTUARIAL SURPLUS as agreed by the TRUSTEES on advice from the ACTUARY;

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- (iv) Transfers from this account to any of the DATA RESERVE ACCOUNT, PROCESSING ERROR RESERVE ACCOUNT or SURPLUS APPORTIONMENT COST RESERVE ACCOUNT as agreed by the TRUSTEES on advice from the ACTUARY; and
- (v) After the SURPLUS APPORTIONMENT DATE, ad hoc bonuses to be credited to ACCUMULATION ACCOUNTS and/or LIVING ANNUITY BALANCE ACCOUNTS as determined by the TRUSTEES in consultation with the ACTUARY based upon distributable valuation profits arising from the GENERAL RESERVE ACCOUNT in terms of RULE 12.8(4).

2.2(3) TRANSITIONAL RETIREMENT RESERVE ACCOUNT

The TRANSITIONAL RETIREMENT RESERVE Account comprised the credits and debits as previously defined in the FUND RULES for members who transferred to the FUND on 1 January 1995. The balance in each MEMBER'S TRANSITIONAL RETIREMENT RESERVE on 29 February 2008 was added to that MEMBER'S ACCUMULATED CREDIT, with the effect that the TRANSITIONAL RETIREMENT RESERVE Account was closed from that date.

2.2(4) RISK BENEFIT RESERVE ACCOUNT

The following transactions shall be recorded in this account:

- (a) Credits
 - (i) EMPLOYER contributions in terms of paragraphs (b)(i), (c)(i), (e)(i) and (f)(i) of RULE 8.2(1);
 - (ii) The portion of the MEMBER contributions payable to this account in terms of RULE 3.4(2)(a);
 - (iii) Any reinsurance payments made to the FUND by INSURERS; and
 - (iv) RESERVE ACCOUNT INTEREST.
- (b) Debits
 - (i) The death benefits payable in terms of RULE 5.1(a);

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- (ii) Transfers to the ACCUMULATION ACCOUNT for members who choose less than the maximum death-in-service cover in terms of RULE 8.3;
- (iii) Any premiums in respect of reinsurance in terms of RULE 11.2;
- (iv) Amounts transferred as at the SURPLUS APPORTIONMENT DATE to the ACCUMULATION ACCOUNT, the LIVING ANNUITY BALANCE ACCOUNT, the FORMER MEMBER RESERVE ACCOUNT, the EMPLOYER SURPLUS ACCOUNT, the DATA RESERVE ACCOUNT, the PROCESSING ERROR RESERVE ACCOUNT, the SURPLUS APPORTIONMENT COST RESERVE ACCOUNT, as agreed by the TRUSTEES and approved by the REGISTRAR in terms of Section 15B of the ACT; and
- (v) After the SURPLUS APPORTIONMENT DATE, ad hoc bonuses to be credited to ACCUMULATION CREDITS and/or LIVING ANNUITY BALANCES as determined by the TRUSTEES in consultation with the ACTUARY based upon distributable valuation profits arising from the RISK BENEFIT RESERVE ACCOUNT in terms of RULE 12.8(4).

2.2(5) LIVING ANNUITY BALANCE ACCOUNT

The LIVING ANNUITY BALANCE ACCOUNT shall comprise all the LIVING ANNUITY BALANCES of the PENSIONERS and BENEFICIARIES who receive PENSIONS in terms of RULE 4.4(4). Each LIVING ANNUITY BALANCE shall comprise:

- (a) Credits
 - (i) Transfers from the ACCUMULATION ACCOUNT in terms of RULE 2.2(1)(b)(ii);
 - (ii) Transfers as at the SURPLUS APPORTIONMENT DATE to this account as agreed by the TRUSTEES and approved by the REGISTRAR in terms of Section 15B of the ACT from the GENERAL RESERVE ACCOUNT in terms of RULE 2.2(2)(b)(ii) or from the RISK BENEFIT RESERVE ACCOUNT in terms of RULE 2.2(4)(b)(iv);

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- (iii) After the SURPLUS APPORTIONMENT DATE, transfers to this account from the MEMBER SURPLUS ACCOUNT as agreed by the TRUSTEES on advice from the ACTUARY;
 - (iv) Ad hoc bonuses as determined by the TRUSTEES in terms of RULE 12.8(4); and
 - (v) INTEREST.
- (b) Debits
- (i) Pensions payable in terms of RULE 4.4(4)(a);
 - (ii) Benefits payable to the MEMBER'S DEPENDANTS in terms of RULE 4.4(4)(b);
 - (iii) Amounts to purchase an alternative pension in terms of RULE 4.4(4)(d); and
 - (iv) Administration expenses and FUND charges as determined by the TRUSTEES in terms of RULE 4.4(4)(g).

2.2(6) EMPLOYER SURPLUS ACCOUNT

The following transactions shall be recorded in this account:

- (a) Credits
- (i) Transfers to this account as agreed by the TRUSTEES and approved by the REGISTRAR in terms of Section 15B of the ACT from the GENERAL RESERVE ACCOUNT, DATA RESERVE ACCOUNT, PROCESSING ERROR RESERVE ACCOUNT or SURPLUS APPORTIONMENT COST RESERVE ACCOUNT, or otherwise from these accounts in terms of Sections 15C, 15E, or 15F of the ACT; and
 - (ii) RESERVE ACCOUNT INTEREST.
- (b) Debits
- (i) Transfers to the ACCUMULATION ACCOUNT in respect of a reduction in the EMPLOYER contribution rate in terms of RULE 8.2(2); and
 - (ii) Any other use for this account permitted in terms of the ACT.

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2.2(7) FORMER MEMBER RESERVE ACCOUNT

The following transactions shall be recorded in this account:

(a) Credits

- (i) Transfers to this account as agreed by the TRUSTEES and approved by the REGISTRAR in terms of Section 15B of the ACT from the GENERAL RESERVE ACCOUNT in terms of RULE 2.2(2)(b)(ii) or from the RISK BENEFIT RESERVE ACCOUNT in terms of RULE 2.2(4)(b)(iv);
- (ii) After the SURPLUS APPORTIONMENT DATE, transfers to this account from the MEMBER SURPLUS ACCOUNT as agreed by the TRUSTEES on advice from the ACTUARY;
- (iii) Following the SURPLUS APPORTIONMENT DATE amounts to be credited to this account as determined by the TRUSTEES in consultation with the ACTUARY based upon the distributable valuation profits in terms of RULE 12.8(4); and
- (iv) RESERVE ACCOUNT INTEREST.

(b) Debits

- (i) Payments to former MEMBERS or DEFERRED PENSIONERS in terms of Sections 15B or 15C of the ACT; or
- (ii) Payments to a fund prescribed by law to receive amounts in respect of former MEMBERS or DEFERRED PENSIONERS who cannot be traced.

2.2(8) DATA RESERVE ACCOUNT

The following transactions shall be recorded in this account:

(a) Credits

- (i) Transfers to this account as agreed by the TRUSTEES and approved by the REGISTRAR in terms of Section 15B of the ACT from the GENERAL RESERVE ACCOUNT in terms of RULE 2.2(2)(b)(ii) or from the RISK BENEFIT RESERVE ACCOUNT in terms of RULE 2.2(4)(b)(iv);

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- (ii) Transfers to this account from any of the GENERAL RESERVE ACCOUNT, PROCESSING ERROR RESERVE ACCOUNT or SURPLUS APPORTIONMENT COST RESERVE ACCOUNT as agreed by the TRUSTEES on the advice of the ACTUARY;
- (iii) Following the SURPLUS APPORTIONMENT DATE amounts to be credited to this account as determined by the TRUSTEES in consultation with the ACTUARY based upon distributable valuation profits in terms of RULE 12.8(4); and
- (iv) RESERVE ACCOUNT INTEREST.

(b) Debits

- (i) FUND payments arising as a result of errors in FUND data;
- (ii) After the SURPLUS APPORTIONMENT DATE, transfers from this account to either of the MEMBER SURPLUS ACCOUNT, or EMPLOYER SURPLUS ACCOUNT in terms of RULE 12.8(2) of any ACTUARIAL SURPLUS as agreed by the TRUSTEES on advice from the ACTUARY;
- (iii) Amounts transferred from this account to any of the GENERAL RESERVE ACCOUNT, PROCESSING ERROR RESERVE ACCOUNT or SURPLUS APPORTIONMENT COST RESERVE ACCOUNT as agreed by the TRUSTEES on the advice of the ACTUARY; and
- (iv) After the SURPLUS APPORTIONMENTS DATE, ad hoc bonuses to be credited to ACCUMULATION ACCOUNTS and/or LIVING ANNUITY BALANCE ACCOUNTS as determined by the TRUSTEES in consultation with the ACTUARY based upon distributable valuation profits arising from the DATA RESERVE ACCOUNT in terms of RULE 12.8(4).

2.2(9) PROCESSING ERROR RESERVE ACCOUNT

The following transactions shall be recorded in this account:

(a) Credits

- (i) Transfers to this account as agreed by the TRUSTEES and approved by the REGISTRAR in terms of Section 15B of the ACT from the

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GENERAL RESERVE ACCOUNT in terms of RULE 2.2(2)(b)(ii) or from the RISK BENEFIT RESERVE ACCOUNT in terms of RULE 2.2(4)(b)(iv);

- (ii) Transfers to this account from any of the GENERAL RESERVE ACCOUNT, DATA RESERVE ACCOUNT or SURPLUS APPORTIONMENT COST RESERVE ACCOUNT as agreed by the TRUSTEES on the advice of the ACTUARY;
 - (iii) Amounts to be credited to this account as determined by the TRUSTEES in consultation with the ACTUARY based upon distributable valuation profits in terms of RULE 12.8(4); and
 - (iv) RESERVE ACCOUNT INTEREST.
- (b) Debits
- (i) FUND payments arising as a result of processing errors arising from the timing differences in the actual versus deemed investment of FUND monies;
 - (ii) Transfers from this account to either of the MEMBER SURPLUS ACCOUNT, or EMPLOYER SURPLUS ACCOUNT in terms of RULE 12.8(2) of any ACTUARIAL SURPLUS as agreed by the TRUSTEES on advice from the ACTUARY;
 - (iii) Amounts transferred from this account to any of the GENERAL RESERVE ACCOUNT, DATA RESERVE ACCOUNT or SURPLUS APPORTIONMENT COST RESERVE ACCOUNT as agreed by the TRUSTEES on the advice of the ACTUARY; and
 - (iv) After the SURPLUS APPORTIONMENT DATE, ad hoc bonuses to be credited to ACCUMULATION ACCOUNTS and/or LIVING ANNUITY BALANCE ACCOUNTS as determined by the TRUSTEES in consultation with the ACTUARY based upon distributable valuation profits arising from the PROCESSING ERROR ACCOUNT in terms of RULE 12.8(4).

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2.2(10) SURPLUS APPORTIONMENT COST RESERVE ACCOUNT

The following transactions shall be recorded in this account:

(a) Credits

- (i) Amounts transferred to this account as agreed by the TRUSTEES and approved by the REGISTRAR in terms of Section 15B of the ACT from the GENERAL RESERVE ACCOUNT in terms of RULE 2.2(2)(b)(ii) or from the RISK BENEFIT RESERVE ACCOUNT in terms of RULE 2.2(4)(b)(iv);
- (ii) Transfers to this account from any of the GENERAL RESERVE ACCOUNT, DATA RESERVE ACCOUNT or PROCESSING ERROR RESERVE ACCOUNT as agreed by the TRUSTEES on the advice of the ACTUARY; and
- (iii) RESERVE ACCOUNT INTEREST.

(b) Debits

- (i) FUND costs in respect of the surplus apportionment exercise;
- (ii) Transfers from this account to either of the MEMBER SURPLUS ACCOUNT, or EMPLOYER SURPLUS ACCOUNT in terms of RULE 12.8(2) of any ACTUARIAL SURPLUS as agreed by the TRUSTEES on advice from the ACTUARY;
- (iii) Amounts transferred from this account to any of the GENERAL RESERVE ACCOUNT, DATA RESERVE ACCOUNT or PROCESSING ERROR RESERVE ACCOUNT as agreed by the TRUSTEES on the advice of the ACTUARY; and
- (iv) After the SURPLUS APPORTIONMENT DATE, ad hoc bonuses to be credited to ACCUMULATION ACCOUNTS and/or LIVING ANNUITY BALANCE ACCOUNTS as determined by the TRUSTEES in consultation with the ACTUARY based upon distributable valuation profits arising from the SURPLUS APPORTIONMENT COST RESERVE ACCOUNT in terms of RULE 12.8(4).

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2.2(11) MEMBER SURPLUS ACCOUNT

The following transactions shall be recorded in this account:

(a) Credits

- (i) Transfers to this account in terms of RULE 12.8(2) from any of the GENERAL RESERVE ACCOUNT, DATA RESERVE ACCOUNT, PROCESSING ERROR RESERVE ACCOUNT or SURPLUS APPORTIONMENT COST RESERVE ACCOUNT; and
- (ii) RESERVE ACCOUNT INTEREST.

(b) Debits

- (i) Transfers to the ACCUMULATION ACCOUNT, LIVING ANNUITY BALANCE RESERVE ACCOUNT or FORMER MEMBER RESERVE ACCOUNT of any ACTUARIAL SURPLUS and accumulated RESERVE ACCOUNT INTEREST in terms of RULE 12.8(2) as agreed by the TRUSTEES on the advice of the ACTUARY; or
- (ii) Any other use for this account permitted in terms of the ACT.”

4. The term “surplus” in RULE 12.8 is replaced by “ACTUARIAL SURPLUS”.

1 July 2013

5. The definition of ‘DEFERRED PENSIONER’ is replaced by the following:

“**DEFERRED PENSIONER:** a MEMBER who has elected to preserve the full amount of his/her withdrawal benefit in the FUND in terms of RULE 7.2(2).”

6. RULE 4.4(4)(a) is replaced by the following:

- “(a) The PENSIONER or BENEFICIARY must elect his or her pension level annually. This must be a percentage of the LIVING ANNUITY BALANCE at the time of election. The percentage may not be
 - (i) less than the minimum or more than the maximum percentage prescribed by the COMMISSIONER in this regard;

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- (ii) more than the lesser of the maximum percentage prescribed by the COMMISSIONER and the maximum percentage prescribed annually by the TRUSTEES on the advice of the ACTUARY in this regard, provided that
 - (aa) where the LIVING ANNUITY BALANCE falls below the amount prescribed by the COMMISSIONER, the PENSIONER or BENEFICIARY, as the case may be, may commute the amount and be paid this in cash;
 - (bb) a PENSIONER or BENEFICIARY who
 - (i) declares in favour of the FUND that in making his or her MEMBER investment choice for the investment of his or her LIVING ANNUITY BALANCE he or she assumes the investment risk associated with this choice and makes both this, and his or her election of percentage, on the basis of financial advice given to him or her,
 - (ii) shows to the satisfaction of the TRUSTEES that he or she has taken advice from a financial adviser,
 - (iii) acknowledges that by doing so he or she may erode the value of his or her LIVING ANNUITY BALANCE to such an extent that the value of the annuity reduces to a level which is unable to support him or her, and
 - (iv) absolves and undertakes not to hold the TRUSTEES or the FUND liable or responsible for the resulting erosion of the value of the LIVING ANNUITY BALANCE, then
 - (v) may elect a percentage higher than the maximum prescribed by the TRUSTEES, but which may not exceed the maximum percentage prescribed by the COMMISSIONER.”

7. RULE 7.1 and RULE 7.2(1) are replaced by the following and RULE 7.2(3) inserted:

“7.1 CASH WITHDRAWAL BENEFIT

If a MEMBER leaves SERVICE prior to his or her NORMAL RETIREMENT DATE but does not RETIRE in terms of Part 4 and is not entitled to benefits under any other RULE, an amount equal to his/her MEMBER’S ACCUMULATED CREDIT shall be paid to him/her, subject to RULE 7.2.

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7.2 PRESERVED BENEFIT

7.2(1) A MEMBER who has not reached his or her NORMAL RETIREMENT DATE and who leaves the pensionable service of the EMPLOYER may elect to preserve a portion of his/her withdrawal benefit, according to his or her choice. If he or she does so, his/her withdrawal benefit shall be dealt with as follows:

- (a) If the MEMBER has elected to take a portion of his or her withdrawal benefit in cash, such portion of his or her MEMBER'S ACCUMULATED CREDIT as elected by him or her, shall be paid to him or her in cash.
- (b) The balance of his or her MEMBER'S ACCUMULATED CREDIT shall, depending on the choice of the MEMBER, either be transferred to an APPROVED RETIREMENT ANNUITY FUND or an APPROVED PENSION or PROVIDENT FUND or PRESERVATION FUND, subject to RULE 11.7.

7.2(2) If the MEMBER elects to preserve the full amount of his/her withdrawal benefit outside the FUND, the MEMBER'S ACCUMULATED CREDIT shall, depending on the choice of the MEMBER, either be transferred to an APPROVED RETIREMENT ANNUITY FUND or an APPROVED PENSION or PROVIDENT FUND or PRESERVATION FUND, subject to RULE 11.7.

7.2(3) If the MEMBER elects to preserve the full amount of his or her withdrawal benefit in the FUND, he or she becomes a DEFERRED PENSIONER and the following provisions apply:"

- (a) While the DEFERRED PENSIONER'S benefit is preserved in the FUND, he/she retains his/her right to select the investment portfolios subject to the FUND'S SWITCHING RULES.
- (b) The costs involved in electing this option as well as any costs involved in the switching of his/her investment portfolio as well as such FUND expenses as may be determined by the TRUSTEES will be payable by the DEFERRED PENSIONER and will be debited to his/her ACCUMULATION ACCOUNT when they occur. The costs involved in electing this option will be as agreed upon by the TRUSTEES and the ADMINISTRATOR.
- (c) All written communication which will be concluded by the FUND with the DEFERRED PENSIONER will be dispatched to the DEFERRED

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PENSIONER'S last known email address and his/her last known postal address. The onus is on the DEFERRED PENSIONER to advise the FUND of any change in these addresses.

- (d) The DEFERRED PENSIONER'S ACCUMULATED CREDIT must be used to purchase a pension for the DEFERRED PENSIONER as from the date of RETIREMENT in terms of Part 4.
- (e) On RETIREMENT, the provisions of the pension options in terms of RULE 4.4 apply mutatis mutandis to the DEFERRED PENSIONER.
- (f) If a DEFERRED PENSIONER dies before RETIREMENT and before payment of the pension commences, the DEFERRED PENSIONER'S ACCUMULATED CREDIT is paid to his/her DEPENDANTS and/or NOMINEES in accordance with Section 37C of the ACT.
- (g) It is expressly recorded that from the date of withdrawal as an EMPLOYEE a DEFERRED PENSIONER ceases to be covered for
 - the separate disability-income benefit in accordance with the disability-income insurance effected by the EMPLOYER for the benefit of the MEMBERS;
 - the separate death-in-service and disability benefit in accordance with the death-in-service and disability insurance effected by the EMPLOYER for the benefit of MEMBERS unless the DEFERRED PENSIONER has elected to continue this benefit at his or her own cost; and
 - the death-in-service benefit under RULE 5.1."

8. RULES 11.7(3)(a) and 11.7(3)(b) are replaced by the following:

- “(a) that part of the withdrawal benefit be paid to the MEMBER by the FUND in terms of RULE 7.2(1)(a); and
- (b) for the payment, to such other fund, of the balance of his or her MEMBER'S ACCUMULATED CREDIT;”

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9. The expression “80%” in RULE 11.12(2) is replaced by “50%”.

10. RULE 13.5(2) is replaced by the following:

“13.5(2) The TRUSTEES shall submit any amendments to the RULES to the REGISTRAR, in writing, for purposes of registration in terms of Section 12(1)(b) of the ACT and for approval for Income Tax purposes.”

Reasons for amendments

Paragraphs 1 to 4: Allowance is made in the Rules for the allocation of actuarial surplus in terms of Section 15C of the Act. The Rules now provide for a definition of “actuarial surplus”, as identified and agreed to by the Trustees, and for such Actuarial Surplus to be first allocated to either the Employer Surplus Account or Member Surplus Account. Allocations to Members or to the Contingency Reserve Accounts are made from these two accounts, where appropriate, and in accordance with applicable legislation. The Rules furthermore allow for transfers between the various Contingency Reserve Accounts, i.e., a mere reallocation of the amounts held in these various accounts, by decision of the Trustees on the advice of the Actuary.

Paragraphs 5, 7 and 8: In an effort to encourage Members to preserve their benefits at withdrawal, in addition to preserving the full benefit, the Rules now also provide for a portion of the withdrawal benefit to be taken in cash and the balance to be preserved, because often a Member will preserve the bulk of his/her benefit if he/she is allowed to take a portion in cash.

Paragraph 6: The Rules are amended to provide the Trustees with the power to enforce maximum prudent percentage draw-downs in order to protect the capital invested in living annuities by Pensioners. The Rules now also allow for the commutation of the Living Annuity Balance when it falls below the amount prescribed by the Commissioner.

Paragraph 9: The portion of the Member’s withdrawal benefit which can be used for purposes of a guarantee for a housing loan is reduced to 50% in an effort to preserve a larger portion of the Member’s benefit for retirement.

Paragraph 10: The Rules are amended to provide for the transfer to the Registrar of the approval function previously performed by the South African Revenue Service.

HA
SHR
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Certification

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

Hugh Amore
.....
Chairman of TRUSTEES

31 January 2013
.....
Date

[Signature]
.....
Member of TRUSTEES

31 January 2013
.....
Date

[Signature]
.....
Principal Officer

30 January 2013
.....
Date

REGISTERED BY ME ON THIS THE
19
DAY OF MARCH 2013
<i>[Signature]</i>
Registrar of Pension Funds