

RHODES UNIVERSITY

PENSION FUND

R U L E S

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RHODES UNIVERSITY

PENSION FUND

R U L E S

10 August 95  
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We, the undersigned, hereby certify that these are the Rules of the Rhodes University Pension Fund which are effective from the Commencement Date, and that the resolution in terms of which these Rules have been accepted as the Rules of the Fund, has been adopted in accordance with the provisions of the Rules of the Fund.

Derek S. Hendassan

CHAIRMAN, BOARD OF TRUSTEES

4/5/95

DATE

[Signature]

TRUSTEE

4/5/95

DATE

[Signature]

PRINCIPAL OFFICER

4.5.95.

DATE

I, the undersigned in my capacity as appointed valuator of the Fund, hereby certify that the above Rules are financially sound.

[Signature]

per : M.T. HAYLER

15-5-95

DATE

RHODES UNIVERSITY

PENSION FUND

R U L E S

RULE	DESCRIPTION	PAGE
1	INTRODUCTION	5
	1.1 Name	5
	1.2 Object	5
	1.3 Legal Status	5
	1.4 Registered Office	5
	1.5 Definitions	6
2	MEMBERSHIP	14
	2.1 Eligibility and Admission	14
	2.2 Termination	15
	2.3 Temporary Absence	15
3	RETIREMENT	17
	3.1 Normal Retirement	17
	3.2 Early Age Retirement	17
	3.3 Late Retirement	18
	3.4 Commutation and Pension Options	19
4	DEATH	21
	4.1 Death Benefits	21
	4.2 Payment of Pensions of Qualifying Spouses and Qualifying Children	23

5	DISABILITY	25
6	WITHDRAWAL	27
	6.1 Cash Withdrawal Benefit	27
	6.2 Deferred Pension	27
7	CONTRIBUTIONS	30
	7.1 Member Contributions	30
	7.2 Employer Contributions	31
	7.3 Payment of Contributions	31
8	MISCELLANEOUS PROVISIONS REGARDING BENEFITS	32
	8.1 Payment of Benefits	32
	8.2 Payment other than specified	33
	8.3 Limitation	34
	8.4 Benefits Inalienable	35
	8.5 Lien over Benefits	36
	8.6 Unclaimed Moneys	37
	8.7 Greater Benefits and Escalation of Benefits	37
	8.8 Transfers from or to other Funds	38
	8.9 Currency	39
	8.10 Moneys not to revert to Employer	39
	8.11 Disputes	40
	8.12 Change in working status	40

9	MANAGEMENT OF THE FUND	42
	9.1 Board of Trustees	42
	9.2 Meetings of the Board of Trustees	43
	9.3 Powers of the Board of Trustees	44
	9.4 Principal Officer	47
	9.5 Auditor	47
	9.6 Books of Account	48
	9.7 Actuary	48
	9.8 Actuarial Valuations	48
	9.9 Bank Account	50
	9.10 Records and safe custody of securities	50
	9.11 Signing of Documents	51
	9.12 Indemnification	51
	9.13 Fidelity Insurance	51
	9.14 Expenses	52
10	GENERAL	53
	10.1 Proof of Age and Particulars	53
	10.2 Members are Deferred Creditors	53
	10.3 Conditions of Service Unchanged	53
	10.4 Registration and Approval	54
	10.5 Amendments to the Rules	54
	10.6 Members may obtain Copies of Documents	55
	10.7 Binding Power of Rules and Disputes	55
	10.8 Admission of Additional Employers	56
	10.9 Dissolution of Fund	56
	10.10 Withdrawal of an Employer	59
	10.11 Transfer or Amalgamation	61
	10.12 New Fund or Scheme	61
	ANNEXURE A : SECTION 37C OF THE ACT	62
	ANNEXURE B : SPECIAL PROVISIONS IN RESPECT OF PENSIONERS OF THE ASSOCIATED INSTITUTIONS PENSION FUND (AIPF) WHO ELECTED TO TRANSFER THEIR PENSIONS TO THE FUND ON 1 JANUARY 1995	65

## 1. INTRODUCTION

### NAME

- 1.1 The Rhodes University Pension Fund (hereinafter referred to as "the Fund") was established with effect from 1 January 1995 (hereinafter referred to as the "Commencement Date"). These Rules are the Rules of the Fund which are effective from the Commencement Date.

### OBJECT

- 1.2 The object of the Fund is to provide retirement and ancillary benefits for the Beneficiaries as described in the Rules.

### LEGAL STATUS

- 1.3 Upon registration of these Rules in terms of the Act, the Fund shall become a separate legal entity, distinct from its Members and shall be capable in law, in its own name, of suing and of being sued, and of acquiring holding and alienating property, movable and immovable.

### REGISTERED OFFICE

- 1.4 The registered office of the Fund is at 3rd Floor, 326 Highway House, 85 Jan Smuts Highway, Mayville, Durban.

**DEFINITIONS**

1.5 In the Rules where the context so requires :

words and expressions defined in the Act and not in the Rules shall bear the meanings assigned to them in the Act;

words and expressions importing one gender shall include the other gender;

words and expressions denoting the singular number shall include the plural and vice versa;

the headings are solely for ease of reference and are not be taken into account in the interpretation of the Rules; and

the following words and expressions shall bear the meanings assigned to them below :

**ACCUMULATED CONTRIBUTIONS** of a Member : the total of:

(i) the contributions paid by the Member on or after the Commencement Date in terms of Rule 7.1;

plus

(ii) any amount other than the Transfer Value transferred to the Fund in respect of a Member in terms of Rule 8.8(1) or any portion of an amount so transferred which is deemed to be Accumulated Contributions of the Member;

(iii) interest on and after the Commencement Date on the total of such amounts at a rate to be decided by the Trustees from time to time in consultation with the Actuary, having regard to the investment yield achieved by the Fund;

**ACT** : the Pension Funds Act, 1956 (Act 24 of 1956), as amended, and the regulations framed thereunder;

**ACTUARY** : the actuary of the Fund appointed in terms of Rule 9.7;

**APPROVED PENSION FUND** : a fund approved as such by the Commissioner;

**APPROVED RETIREMENT ANNUITY FUND** : a fund approved as such by the Commissioner;

**AUDITOR** : an Auditor registered in terms of the Public Accountants and Auditors Act, 1991 (Act No. 8 of 1991), appointed by the Trustees in terms of Rule 9.5;

**BENEFICIARY** : any person who is entitled to benefits in terms of these Rules;

**COMMENCEMENT DATE** : in respect of the Principal Employer 1 January 1995, and in respect of any other Employer the effective date as from which that Employer is admitted as an Employer for the purposes of the Rules;

**COMMISSIONER** : the Commissioner for Inland Revenue;

**DEFERRED PENSION** : the Pension provided for in Rule 6.2(1);

**DEFERRED PENSIONER** : a person who has exercised the option in terms of Rule 6.2 to preserve his benefit in the Fund, until the payment of the Deferred Pension commences;

**DEPENDANT** of a Member, Pensioner or Deferred Pensioner : a person in respect of whom the Member, Pensioner or Deferred Pensioner :

- (i) is legally liable for maintenance;
- (ii) is not legally liable for maintenance if such a person is -
  - (a) considered by the Trustees as having been in fact dependent on the Member, Pensioner or Deferred Pensioner for maintenance at the time of the death of the same,
  - (b) the spouse of the Member, Pensioner or Deferred Pensioner, including a party to a Recognised Marital Union with the Member, Pensioner or Deferred Pensioner;
- (iii) would have become legally liable for maintenance, had the Member, Pensioner or Deferred Pensioner not died;

*\* See insertion under Rule Ammnd No 2*

**ELIGIBLE EMPLOYEE** : an employee of any of the Employers who has not attained the age of 65 and who has not elected to become a member of either the Rhodes University Provident Fund or the Rhodes University Service Staff Provident Fund, but excluding any employee whose employment is temporary or casual or subject to a limited period; provided that the Trustees may, at the request of the Employer, waive any of the said qualifications in respect of a particular employee;

See Amendment  
Not  
at all 11/1/95

**EMPLOYER** : the Principal Employer and those of its associated or subsidiary companies or organisations which participate in the Fund; provided that any Employer who withdraws from the Fund in terms of Rule 10.10 shall simultaneously cease to be an Employer for the purposes of the Rules; in relation to any Member, "Employer" shall mean the Employer in whose Service he is;

**FINAL AVERAGE SALARY** : the average of the Member's Pensionable Emoluments over the last twelve months prior to the Member's retirement in terms of Rule 3;

**FUND ANNIVERSARY** : 1 January in each year following the original Commencement Date;

**INSURER** : an insurer registered in terms of the Insurance Act, 1943 (Act No. 27 of 1943), to transact life business;

**MEMBER** : an Eligible Employee who has been admitted to membership in terms of Rule 2 as long as he remains a Member in terms of these Rules;

**NOMINEE** : a person, other than a Dependant, who has been nominated in writing by a Member as entitled to receive all or part of the death benefits provided by the Fund in terms of Rule 4;

**NORMAL RETIREMENT AGE** : the age of 65 years; provided that this shall be subject to any service agreements in existence on the Commencement Date; provided further that this shall not be earlier than the age of 60 years;

N.B.  
see file Note  
14/11/97  
(In front of  
Amendment H)

**NORMAL RETIREMENT DATE** : the last day of the year in which a Member attains his Normal Retirement Age; if a Member retires on his Normal Retirement Date, he will be deemed to be on retirement with effect from the first day of the succeeding month;

**PAST SERVICE** : any period of Service with the Employer or with a former employer, completed prior to the date on which the Member joined the Fund, which is regarded as pensionable by the Trustees, and in respect of which the Fund has received an appropriate contribution;

**PENSION** : an annual pension payable for the lifetime of the Beneficiary or, in the case of a Pension payable in respect of a child of the Member, the annual pension payable for as long as such child remains a Qualifying Child;

**PENSIONABLE EMOLUMENTS** : the Member's basic annual salary or wages and any other regular amounts which are regarded as pensionable by the Trustees at the request of the Employer, subject to Rules 5(1)(b), 7.1(4) and 8.12;

**PENSIONABLE SERVICE** : the period of Service (including Past Service) for which contributions have been made to the Fund and to a Previous <sup>APPF</sup> Fund and have not been refunded to the Member or transferred to another fund on his behalf and which the Member has completed prior to his actual retirement or termination of Service, if earlier, subject to Rule 8.12; provided that Pensionable Service will be calculated in years and months and a fraction of a month shall be disregarded;

**PENSIONER** : a Member who has retired and who is in receipt of a Pension in terms of Rule 3, Rule 5(2) or Rule 6.2(2); provided that this shall include a Qualifying Spouse or Qualifying Child who is in receipt of a Pension as envisaged in Rule 5, or a Pensioner as described in Annexure B;

**PREVIOUS FUND** : The Associated Institutions Pension Fund;

**PRINCIPAL EMPLOYER** : Rhodes University;

**QUALIFYING CHILD** of a Member or Pensioner :

- (a) a child of the Member or Pensioner, under the age of 18 years and unmarried, including an illegitimate or a legally adopted child, or
- (b) a step-child, under the age of 18 years and unmarried, who, in the opinion of the Trustees, was substantially dependent on the Member or Pensioner at the time of his death,

and shall include

- (i) at the discretion of the Trustees, a child as defined in (a) or (b) above who is over the age of 18 years but under the age of 26 years, who was substantially dependent on the Member or Pensioner, and
- (ii) a child born after the death of the Member or Pensioner who, but for such death, would have been a Qualifying Child in terms of (a) or (b) above,

but shall exclude a child as defined in (a) or (b) above who was adopted or became a step-child after the Member's Normal Retirement Date or the date of the Member's actual retirement, if earlier;

provided that in the case of doubt the Trustees shall, within their exclusive discretion, determine whether a child is a Qualifying Child;

provided, further, that the Trustees may, in exceptional circumstances, ignore the maximum age of 26 years stated above, provided the Employer contributes such additional amounts as the Actuary deems necessary to provide the relevant benefit;

**QUALIFYING SPOUSE** of a Member or Pensioner : the surviving partner of the Member or Pensioner in a Recognised Marital Union existing at the time of the death of the Member or Pensioner; provided that in the case of the death of a Pensioner such Recognised Marital Union must already have existed at the earlier of the Member's Normal Retirement Date or his actual retirement date;

**RECOGNISED MARITAL UNION** a legal marriage or a customary union according to Black Law and custom or a union recognised as a marriage under any Asiatic religion, or a cohabitation or dependence (by virtue of financial or other maintenance) of a Member or Pensioner and another person, which is deemed a Recognised Marital Union by the Trustees; provided that a Recognised Marital Union may, at the discretion of the Trustees, include a marriage which has been dissolved but where the other person is still to some degree financially dependent upon the Member or Pensioner;

**REGISTRAR** : the Registrar of Pension Funds appointed in terms of the Financial Services Board Act, 1990 (Act No. 97 of 1990);

**RULES** : these Rules as amended from time to time;

**SERVICE** : service as an employee of one or more of the Employers;

*DO 3/15/15  
6/1*  
**TRANSFER VALUE** : any amount transferred to the Fund from the Previous Fund in respect of a Member on the Commencement Date with interest on and after the Commencement Date at a rate to be decided by the Trustees from time to time in consultation with the Actuary, having regard to the investment yield achieved by the Fund;

**TRUSTEES** : the Board of Trustees constituted in terms of Rule 9.1 to manage and control the Fund.

2. MEMBERSHIP

ELIGIBILITY AND ADMISSION

2.1 (1) Subject to the provisions of (2) below, membership shall be a condition of Service for every person who becomes an Eligible Employee on or after the Commencement Date. Each Eligible Employee shall become a Member of the Fund on the first day of the month coincident with or next following his becoming an Eligible Employee.

(2) An Eligible Employee who is in Service on the Commencement Date shall have the option :

(a) in respect of an Eligible Employee who was not a member of the Previous Fund, to become a Member of the Fund on a date not more than twelve months after the Commencement Date, or

(b) to remain a member of the Previous Fund, or

(c) to become a Member of the Fund,

provided that an Eligible Employee who fails to join the Fund within twelve months of the Commencement Date or who waives his right to join the Fund shall not be entitled to join the Fund at a later date.

- (3) An Eligible Employee who becomes a Member in terms of (1) or (2) above shall produce such evidence as to the state of his health as the Trustees, at the expense of the Fund, shall require. Such Member shall, if in the Trustees' opinion he is not in good health, be subject to such restrictions in benefits as the Trustees, acting on the advice of the Actuary, shall determine.

\* (4)

New rule 2.1 (4) - See Amendment No 6 W.E.A. 11 Feb 1998  
(p2 of amendment)

**TERMINATION**

- 2.2 No Member may withdraw from the Fund while he remains in Service; and his membership shall cease only upon termination of his Service, unless otherwise provided for in these Rules.

**TEMPORARY ABSENCE**

- 2.3 (1) With full remuneration

Membership of the Fund and the benefits and contributions payable shall not be affected by a Member's absence from Service while he is in receipt of his full normal remuneration from the Employer.

- (2) Approved temporary absence

- (a) When a Member is granted leave of absence with less than full normal remuneration, the Member's Pension payable from his retirement shall be adjusted by the Actuary to take into account the Member's contributions actually paid and the contributions which would have been payable during such period of absence, had the Member not been absent.

(b) The Member will continue to be covered for the death benefits in terms of Rule 4 for up to one year during such absence. Any benefit which may become payable during such period of absence will be based on the Member's Pensionable Emoluments immediately prior to the commencement of such absence, or such lesser amount as the Employer may decide. After expiry of the one year period, such cover will terminate unless the Member has returned to active Service or unless the Trustees, at the request of the Employer and after consultation with the Actuary, have agreed to extend such period.

(c) For the purposes of these Rules a Member who is in receipt of a disability income referred to in Rule 5(1) shall not be regarded as absent from Service.

(3) **Reinstatement of membership upon return to Service**

If a Member leaves Service and returns to Service within twelve months thereafter and before any benefit has been paid to him by the Fund, or if a benefit has been paid to him and it is refunded to the Fund together with interest at a rate as determined by the Trustees in consultation with the Actuary, he shall become a Member again as from the first day of the month coincident with or next following his return to Service and the Pensionable Service before such break in Service shall rank as Pensionable Service in regard to his new period of Service.

3. RETIREMENT

NORMAL RETIREMENT

3.1 (1) If a Member retires from Service on his Normal Retirement Date he shall receive a Pension vesting on the following day and calculated as follows :

2,7% of the Member's Final Average Salary for every year of his Pensionable Service, subject to Rule 8.12.

(2) The Pension shall be deemed to commence on the first day of the month following the Member's Normal Retirement Date and the first payment of the Pension shall be due at the end of such month.

EARLY AGE RETIREMENT

3.2 (1) If a Member retires from Service after having attained the age of 55 years, or is dismissed from Service after attainment of such age and the Employer regards such dismissal as early retirement, such Member shall receive a Pension vesting on the first day of the following month and calculated in accordance with Rule 3.1(1) but based upon his Pensionable Service and Final Average Salary as at the actual date of such early retirement, reduced by 0,25 per cent for each full month between the date of the Member's retirement or dismissal and his Normal Retirement Date, subject to Rule 8.12.

- (2) If such early retirement occurs at the request of the Employer, the Employer may request that the Trustees waive the reduction provided for in (1) above, in which case the Trustees may direct that the cost of such waiver, as determined by the Actuary, shall be borne by the Employer.

(3) } See Rule Amend No 2 w.e.f 1/5/1996  
(4) }

LATE RETIREMENT

- 3.3 (1) Subject to the consent of the Employer, a Member who has reached his Normal Retirement Date may remain in Service and retire at a date not later than the last day of the month in which he attains the age of 68 years. Contributions by and on behalf of the Member shall continue to the Member's actual Retirement Date.
- (2) Upon retirement after his Normal Retirement Date the Member shall receive a Pension vesting on the first day of the following month and calculated in accordance with Rule 3.1(1), and increased as the Actuary may determine.

COMMUTATION AND PENSION OPTIONS

- 3.4 (1) At the request of a retiring Member made at the time of retirement, the Trustees shall commute for a cash payment to the Member up to one-third of the Pension payable to him (or up to the whole thereof if allowed by income tax legislation) payable on the first day of the month immediately following the Member's retirement from Service. The amount of the Pension payable to the Member shall thereafter be reduced by such proportion of the total Pension as is commuted for a cash payment.

The amount of the cash payment shall be determined by the Actuary.

- (2) In lieu of any Pension to which the Member is entitled (after any commutation in terms of (1) above), he may at any time prior to entering upon his Pension elect a Pension of equivalent actuarial value which is payable for as long as he and/or a designated Dependant may live. In this event the Pension on his own life will be reduced in accordance with his age and that of his designated Dependant and the amount of Pension to be payable after his death (which shall not exceed the Pension payable before his death) as determined by the Actuary.
- (3) A Member may, prior to entering upon his Pension, make application to the Trustees for the Pension which would otherwise have been payable in terms of the Rules in respect of him to be converted into a Pension subject to alternative conditions and provisions, provided that such alternative Pension :

- (a) shall be of an equivalent value, as calculated by the Actuary, to the Pension payable in terms of these Rules, and
- (b) shall not be inconsistent with the provisions of these Rules, the Act or the Income Tax Act, 1962 (Act No. 58 of 1962).

\* (4) See Rule Attachment No 5 P2

4. DEATH

DEATH BENEFITS

4.1 (1) Death in Service prior to Normal Retirement Date

*Limitation*

Subject to the provisions of Rules 8.2 and 8.3 and the provisions of Section 37C of the Act quoted in Annexure A, the following benefits shall be payable on the death of a Member while in Service prior to his Normal Retirement Date or while in receipt of a disability income referred to in Rule 5(1) :

*payment of other benefits*

- (a) a lump sum equal to two times the Member's Pensionable Emoluments; provided that such lump sum shall be subject to a minimum of the Members' Accumulated Contributions if no Spouse's or Children's Pensions are payable;
- (b) his Transfer Value;
- (c) a Pension to his Qualifying Spouse equal to 40% of the Member's Pensionable Emoluments, provided that the Trustees manage to locate the Qualifying Spouse within twelve months of the Member's death; provided further that this period may, at the discretion of Trustees, be extended;
- (d) a Pension in respect of Qualifying Children of the Member equal in total to a percentage of the Member's Pensionable Emoluments, in accordance with the following table :

Number of children	Percentage
--------------------------	------------

1	10%
2	20%
3 or more	30%

Subject to 4.2(1)(b), the Pension payable in respect of Qualifying Children of a Member is doubled for any month for which no Pension is payable to a Qualifying Spouse of the Member in terms of (c) above;

(2) **Death in Service after Normal Retirement Date**

If a Member who has deferred his retirement in terms of Rule 3.3(1) dies while still in Service, benefits in terms of that Rule and (3) below shall be payable calculated as if the Member had retired from Service on the date on which he died and had commuted one-third of his Pension for cash in terms of Rule 3.4(1).

(3) **Death after retirement**

On the death of a Pensioner his Pension shall cease as provided for in Rule 8.1(3), provided that if the Pension has been paid for a period of less than 60 months as from the date of retirement, an amount equal to 50% of the balance of the Pension payments for that period shall be paid in a lump sum. In addition there shall also be payable :

*Pension payable*

\*Refer to Rule and no 4.5 for widows pension after the grace period.

ie. Full pension R100pm.

- 1) Pay 50% of balance of 60 months in a lump sum - actuarial calc
- 2) Pay widow 50% of pre-comm or 75% of post-comm pension ie R50 for life.

Amendment  
No 4.5  
Signed on  
28 Oct 1997

See Amendment 5  
w.e.f 4/1/1998

- (a) a Pension to his Qualifying Spouse equal to 50% of the Pension that the Pensioner would have received immediately prior to the date of his death in terms of Rule 3.4(1); *had he not commuted any portion of his Pension*
- (b) a designated Dependant's Pension if the Member had elected the corresponding option in terms of Rule 3.4(2);
- (c) If no Dependant's Pension is payable and the Pensioner died within 60 months from the date of his actual retirement, the Trustees may, after consultation with the Actuary, pay the equivalent value of the outstanding Pension payments in a lump sum.

PAYMENT OF PENSIONS OF QUALIFYING SPOUSES AND QUALIFYING CHILDREN

4.2 (1) On the death of a Member, at the request of his Qualifying Spouse, the Trustees may in their discretion commute for a cash payment to the Qualifying Spouse up to one-third of the Pension payable to the Qualifying Spouse (or up to the whole thereof if allowed by income tax legislation); provided that such commutation takes place within six months of the Member's death and before the first instalment of the spouse's Pension is paid. The amount of the Pension payable to the Qualifying Spouse shall thereafter be reduced by such proportion of the total Pension as is commuted for a cash payment.

The amount of the cash payment shall be determined by the Actuary.

In the event of such commutation :

- (a) any Pension payable in respect of Qualifying Children of the Member during the lifetime of the Qualifying Spouse will not be affected;
  - (b) the Pension payable in respect of Qualifying Children of the Member after the death of the Qualifying Spouse will not be doubled but will be adjusted as determined by the Actuary.
- (2) If the deceased Member leaves more than one Qualifying Spouse, the Trustees shall decide to which of them and in what proportion the benefits shall be paid, provided that the total Qualifying Spouses' Pensions payable shall not exceed the Pension that would have been payable had there only been one Qualifying Spouse.
- (3) Pensions in respect of Qualifying Children of a Member shall be paid to or for the benefit of such Qualifying Children in such proportions as the Trustees may decide.

(4) See Rule Amendment No 5 p4

5. DISABILITY

DISABILITY INCOME BENEFITS

(1) If the Member is entitled to a disability income in terms of a separate disability arrangement provided by the Employer, the following shall apply for as long as such disability income remains payable :

(a) the Member will remain a Member of the Fund, contributions by and on behalf of him will continue to be payable and he will remain entitled to rights and benefits in terms of the Rules;

(b) the Member's Pensionable Emoluments will, for the purposes of the Rules, be his disability income in terms of such separate disability arrangement, and the Member's accrued Pensionable Service at the date of becoming disabled shall be increased in the ratio of previous Pensionable Emoluments to disability income;

*prev. PSE*

(c) the Member will be deemed to have retired in terms of Rule 3.1 upon his attainment of his Normal Retirement Date.

(2) If the Member is not entitled to a disability income as envisaged in (1) above, or if such disability income ceases, a Pension vesting on the day after he leaves the Service of the Employer and equal to the Expected Pension.

(3) If, in the opinion of the Trustees, such accident, disease or illness was caused by the Member's own action or neglect, the Trustees may reduce the benefits provided for in (2) above; provided that the benefit may not be less than the ~~Member's Accumulated~~ ~~Contributions.~~

*Red amendment No 1 para 2*

*... provided that the Member would have been entitled to the full or like benefit if he had not become disabled i.e. w/d benefit*

- (4) The Trustees shall call for and obtain such medical evidence as they may require to determine the nature, cause and extent of the Member's disablement. The Trustees shall be bound to consult with the Employer, but, for the purposes of (2) and (3) above, the Trustees shall be the sole arbiter as to whether the Member is disabled for the purposes of this Rule.
- (5) The Trustees shall be entitled, from time to time, to call for and obtain such medical evidence as they may require to determine the extent of continuous disablement of a Pensioner who is in receipt of a Pension in terms of (2) above. If, in the sole opinion of the Trustees, the Pensioner is no longer disabled as contemplated in this Rule 5, then the Trustees shall be empowered to reduce the Pension which is currently being paid to the Pensioner to a Pension not less than a Pension calculated in accordance with Rule 3.2(1), reduced proportionately if the Pensioner had commuted part of his Pension in terms of Rule 3.4(1).

6. WITHDRAWAL

CASH WITHDRAWAL BENEFIT

6.1 If a Member leaves Service prior to his Normal Retirement Date and is not entitled to benefits under any other Rule, an amount equal to the Member's Accumulated Contributions shall be paid to him;

plus

An additional amount equal to a percentage of the Member's Accumulated Contributions. Such percentage is calculated as  $S \times 100/120$ , where :

S = total number of completed months of membership of the Fund, subject to a maximum of 120;

plus

the Member's Transfer Value. ✓

*rebreach  
minimum &  
actuarial reserve*

However, a Member who due to a reduction in or reorganisation of staff is dismissed by the Employer, shall receive a benefit equal to the minimum of his actuarial reserve as determined by the Actuary in the Fund.

The Trustees may, in their absolute discretion, withhold payment of the cash withdrawal benefit in terms of this Rule for a maximum period of six months from the date on which the Member left Service.

DEFERRED PENSION

6.2 (1) In lieu of the benefit described in 6.1 above, the Member may elect to receive a Deferred Pension payable from his Normal Retirement Date. or preserve his benefit in terms of Rule 6.3

*See Rule Amd No 3 1/6/1996*

See Amendment No 5  
clause 6 P4  
w.e.f 1 Nov 2000  
[Handwritten initials]

(2) Upon the Deferred Pensioner's attainment of his Normal Retirement Date, he shall receive a Pension vesting on the following day and calculated in accordance with Rule 3.1(1), but based on his Pensionable Service to and his Final Average Salary at the actual date of termination of his Service. Payment of the Deferred Pension may be accelerated in accordance with Rule 3.2(1).

(3) On the death of a Deferred Pensioner before the Pension in terms of (1) or (2) above becomes payable, the cash value of the Deferred Pension elected on withdrawal, as determined by the Actuary, shall be paid.

(4) On the death of a Pensioner after the Pension in terms of (1) above has become payable, the benefits described in Rule 4.1(3) shall be payable; provided that the spouse of the Pensioner shall be entitled to the benefit in terms of Rule 4.1(3)(b) only if she was the Qualifying Spouse of the Pensioner at the date of his withdrawal from Service; and provided, further, that for the purposes of Rule 4.1(3)(c), a child shall be deemed a Qualifying Child only if such child is a child of a Recognised Marital Union existing at the date of the Pensioner's withdrawal from Service.

(5) A Deferred Pensioner has the option to transfer the cash value of the Deferred Pension, as determined by the Actuary, to an Approved Retirement Annuity Fund or an Approved Pension Fund at any time between the date of his withdrawal from the Fund in terms of this Rule 6 and the date of his retirement in terms of (2) above, whereafter the Fund will have no further liability towards the Deferred Pensioner. If a Deferred Pensioner elects to have his benefit so transferred, payment of the amount to be so transferred will be effected as soon as possible.

*7. under*

*Add rule*

- 6.3. (1) Amendment no 3 i.e. Member may trf to approved RA or Pension Fund.
- (2) Amendment no 4 i.e. Member with >5yrs service has additional amt to trf.

7. CONTRIBUTIONS

MEMBER CONTRIBUTIONS

- 7.1 (1) Each Member shall contribute an amount equal to 7,5% of one-twelfth of his Pensionable Emoluments to the Fund.
- (2) Contributions are deducted monthly from the Member's remuneration.
- (3) A Member may make additional contributions to the Fund on an annual or a monthly basis in order to secure greater benefits or in respect of a period of Past Service. The conditions relating to the additional contributions and the benefits payable in respect thereof shall be determined by the Actuary and shall be additional to those otherwise provided for in the Rules. The Member shall be advised in writing of the additional benefits applicable in respect of this Rule.
- (4) Should a Member suffer a reduction in his Pensionable Emoluments, other than due to his employment status changing from full-time to part-time employment, he may elect to continue to contribute on the basis of his Pensionable Emoluments immediately prior to such reduction; provided that the Trustees receive written notice to this effect within one month of the date on which the Member is notified of the reduction in his Pensionable Emoluments. In this event such Pensionable Emoluments shall be regarded as the Member's Pensionable Emoluments for the purposes of the Rules.

### EMPLOYER CONTRIBUTIONS

- 7.2 (1) The Employer shall contribute to the Fund an amount equal to the balance of the cost of providing benefits in terms of the Rules after taking into account the Members' own contributions to the Fund.
- (2) The amount in (1) above shall be subject to a minimum of twice the Members' contributions less the cost of providing the disability income benefit in terms of Rule 5.
- (3) Notwithstanding anything to the contrary contained in (1) and (2) above, the minimum in (2) above shall be subject to a further minimum in the event that the cost of providing the disability income benefit exceeds 7,5% of the Members' Pensionable Emoluments. This further minimum shall be one times the Members' contributions.

### PAYMENT OF CONTRIBUTIONS

- 7.3 Contributions are payable to the Fund monthly, in arrears.

The Employer shall deduct the Members' current contributions from the Members' remuneration at the end of each pay-period. The first deduction shall be that at the end of the pay-period during which the Member became a Member in terms of the Rules. These contributions and the Employer's contributions in terms of Rule 7.2 shall be paid over to the Fund within seven days of the end of the calendar month to which such contributions relate, subject to the provisions of Section 13A of the Act.

8. MISCELLANEOUS PROVISIONS REGARDING BENEFITS

PAYMENT OF BENEFITS

- 8.1 (1) Amounts payable in respect of a Member or Pensioner during his lifetime shall be paid to such Member or Pensioner.
- (2) Pensions are payable monthly or, at the request of the retiring Member, quarterly, half-yearly or annually in arrear, the proportionate amount being derived from the annual Pension calculated in terms of these Rules.
- (3) If Pensions are payable monthly, the first payment shall be due at the end of the calender month following the month in which :
- (a) a Member retires or dies, or
  - (b) a Pensioner dies, and
- the last payment shall be that due at the end of the calender month in which :
- (a) a Pensioner dies, subject to the provisions of Rule 4.1(3),
  - (b) the Qualifying Spouse dies in the case of a Qualifying Spouse's Pension,
  - (c) a Qualifying Child ceases being a Qualifying Child,
  - (d) a designated dependant dies in the case of a designated Dependant's Pension.

These provisions shall apply, mutatis mutandis, if Pensions are payable quarterly, half-yearly or annually at the request of the retiring Member.

- (4) Whenever a Pension commences, is changed or terminates, payments due at the end of the month concerned will be made based on the circumstances applying on such date.
- (5) The Trustees shall be entitled to request proof to their satisfaction as to the identity and right of any Beneficiary to any benefit before payment of any benefit is made to such Beneficiary.
- (6) Whenever a benefit is payable to any Beneficiary, the Beneficiary shall be deemed to have requested payment thereof by means of a cheque or cheques posted by registered mail to such Beneficiary's postal address, of which the Beneficiary shall inform the Trustees in writing . However, the Trustees may, at the request of the Beneficiary, agree to the payment of the benefit in some other manner.

#### PAYMENT OTHER THAN SPECIFIED

8.2 Notwithstanding a contrary provision contained in the Rules, if the Trustees, in their absolute discretion, for some good and sufficient reason deem it not advisable to make payment of a benefit in the manner elsewhere provided for in these Rules, they may pay the benefit in one of the following ways :

- (1) To a trustee contemplated in the Trust Property Control Act, 1988 (Act No. 57 of 1988), for the benefit of the Beneficiary, in the case of death benefits; and/or

- (2) Where a Beneficiary is a minor, to the curator or guardian of such Beneficiary, for the benefit of such Beneficiary; and/or
- (3) Where a Beneficiary is contractually incapacitated, to the curator of such Beneficiary, for the benefit of the Beneficiary.

A decision of the Trustees in terms of this Rule may be varied by them from time to time in their sole discretion.

A payment made in terms hereof shall not be made in a manner which conflicts with the provisions of the Act or the requirements of the Commissioner.

#### LIMITATION

8.3 This Rule shall apply notwithstanding anything to the contrary contained in Rule 4 :

- (1) The Trustees may after consultation with the Actuary reinsure the benefits described in Rule 4.1(1) 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.
- (2) Any Member in respect of whom the benefits in terms of Rule 4.1(1) are restricted in terms hereof shall be informed of the extent of such restriction by the Trustees.

**BENEFITS INALIENABLE**

- 8.4 (1) Save to the extent permitted by the Act, the Income Tax Act, 1962 (Act No. 58 of 1962), the Maintenance Act, 1963 (Act No. 80 of 1963) and the Divorce Act, 1979 (Act No. 70 of 1979), no benefit or right thereto provided for in the Rules, or right in respect of contributions made by or on behalf of a Member or Pensioner shall be capable of being reduced, transferred, ceded, pledged or hypothecated or be liable to attachment or subject to any form of execution under a judgement or order of court, or to the extent of not more than R3 000 per annum, be capable of being taken into account in the determination of a judgement debtor's financial position in terms of the Magistrates' Courts Act, 1944 (Act No. 32 of 1944).
- (2) If any person attempts to transfer, cede, pledge or hypothecate any benefit or right, the benefit shall, as the Trustees may direct, be withheld or suspended; provided that the Trustees may direct that the benefit or part thereof be paid to one or more of the person's Dependants or to a guardian or trustee for the benefit of such Dependant or Dependants during such period as they may determine.
- (3) If the estate of any person entitled to a benefit in terms of the Rules is sequestrated or surrendered, the benefit shall, subject to the provisions of the Act, not be deemed to form part of the assets of the insolvent estate of such person and may not in any way be attached or appropriated by the curator of such person's insolvent estate or by his or her creditors, notwithstanding anything to the contrary in any law relating to insolvency.

**19. Investments.—(1) . . . . .**

[Sub-s. (1) amended by s. 13 of Act No. 80 of 1959, by s. 9 (a) of Act No. 58 of 1966 and by s. 2 of Act No. 23 of 1970, substituted by s. 7 (a) of Act No. 91 of 1972 and by s. 23 (a) of Act No. 101 of 1976, amended by s. 14 (a) and (b) of Act No. 103 of 1979, by s. 39 (a) of Act No. 99 of 1980, by s. 14 of Act No. 82 of 1982, by s. 20 of Act No. 46 of 1984, by s. 17 (a) and (b) of Act No. 86 of 1984 and by s. 5 (a) of Act No. 51 of 1988 and deleted by s. 8 (a) of Act No. 53 of 1989.]

**(1A) . . . . .**

[Sub-s. (1A) inserted by s. 11 of Act No. 94 of 1977 and deleted by s. 14 (c) of Act No. 103 of 1979.]

**(2) . . . . .**

[Sub-s. (2) substituted by s. 5 (b) of Act No. 51 of 1988 and deleted by s. 8 (a) of Act No. 53 of 1989.]

**(3) . . . . .**

[Sub-s. (3) deleted by s. 8 (a) of Act No. 53 of 1989.]

(4) No registered fund shall invest any of its assets in the business of an employer who participates in the scheme or arrangement whereby the fund has been established or in any subsidiary company (as defined in the Companies Act, 1973 (Act No. 61 of 1973)) of such employer's business or lend any of its assets to such employer or subsidiary company: Provided that the Minister may exempt wholly or in part any fund established or conducted by a statutory body or a utility undertaking from this provision.

[Sub-s. (4) amended by s. 14 (d) of Act No. 103 of 1979.]

(5) (a) A registered fund may, if its rules so permit, grant a loan to a member by way of investment of its funds to enable the member—

- (i) to redeem a loan granted to the member by a person other than the fund, against security of immovable property which belongs to the member or his or her spouse and on which a dwelling has been or will be erected which is occupied or, as the case may be, will be occupied by the member or a dependant of the member;
- (ii) to purchase a dwelling, or to purchase land and erect a dwelling on it, for occupation by the member or a dependant of the member; or
- (iii) to make additions or alterations to or to maintain or repair a dwelling which belongs to the member or his or her spouse and which is occupied or will be occupied by the member or a dependant of the member.

[Sub-para. (iii) substituted by s. 39 (b) of Act No. 99 of 1980.]

(b) A loan contemplated in paragraph (a) shall not be granted after the commencement of the Financial Institutions Amendment Act, 1986—

- (i) unless secured by—
  - (aa) a first mortgage on the immovable property in respect of which it is granted; or
  - (bb) a pledge of the benefits to which the member is entitled in terms of the rules of the fund; or
  - (cc) both such mortgage and such pledge;
- (ii) in respect of immovable property if the member concerned is liable to the fund in respect of a loan granted to him in respect of other immovable property;
- (iii) at a lower rate of interest than that which may from time to time be prescribed by regulation;

LIEN OVER BENEFITS

8.5 (1) Any benefit payable in respect of a Member or Beneficiary in terms of the Rules on a Member's retirement or termination of membership for whatever reason may be subject to a deduction by the Trustees in terms of Section 37D of the Act in respect of the following :

(a) any housing loan granted to the Member by the Fund or the Employer for any purpose referred to in Section 19(5)(a) of the Act;

(b) any amount for which the Fund or the Employer is liable under a guarantee furnished in respect of any loan granted by some other person or body to the Member for any purpose referred to in Section 19(5)(a) of the Act;

(c) compensation (including any legal costs recoverable from the Member) in respect of any damage caused to the Employer as a result of any theft, dishonesty, fraud or misconduct by the Member and in respect of which the Member has in writing admitted liability to the Employer, or judgement has been obtained against the Member in any court including a competent magistrates court.

(2) The Trustees shall pay any amount so deducted to the Employer or such other person or body; provided that the total amount deducted in terms of (1)(a) and (b) above shall not exceed the amount which may be taken as a lump sum by a Member or Beneficiary in terms of the Income Tax Act, 1962 (Act No. 58 of 1962).

- (3) In order to give effect to the provisions of this Rule and of Sections 37D(a) and (b) of the Act, the Trustees may exercise the right to payment of a lump sum benefit as provided for in Rule 3.4(1) on behalf of the Member concerned; provided that in giving effect to the provisions of Section 37D(b)(ii) of the Act, any amount due to the Employer in terms of this Rule shall, on the date of the Member's retirement or the date on which he or she ceases to be a Member of the Fund, be deducted from the benefit payable to such Member or his or her Beneficiary, as the case may be.

#### UNCLAIMED MONEYS

- 8.6 If a Beneficiary in terms of the Rules does not claim moneys payable to him within three years of the date of such moneys becoming payable, other than in the case of death benefits, such moneys shall revert to the Fund provided that the Beneficiary may claim such moneys from the Fund at any time in the future and the Trustees shall authorise such payment to the Beneficiary.

#### GREATER BENEFITS AND ESCALATION OF BENEFITS

- 8.7 (1) The Trustees may, at the request of the Employer, increase any benefit payable to or in respect of any Member on such basis as shall be determined after consultation with the Actuary, subject to such conditions as they may impose and subject to the approval of the Commissioner.

- (2) Pensions (after commutation of any part thereof) and Deferred Pensions shall escalate from time to time at a rate determined by the Trustees after consultation with the Actuary.

TRANSFERS FROM OR TO OTHER FUNDS

8.8 The Trustees may, after consultation with the Actuary and on conditions determined by them, approve special arrangements for the preservation of transferred pension rights, which may make provision, inter alia, for the following :

- (1) In respect of persons who were members of another pension or provident fund and who become Members of the Fund :
- (a) for the amendment of the conditions of the Fund in respect of such Members, having regard to the conditions that applied to such Members under such other fund;
  - (b) for the recognition of certain periods of former service as Pensionable Service or for additional Pensions in recognition of any Past Service;
  - (c) for the payment by such persons or such other fund of contributions in respect of such recognition of Past Service;

Transferred (2) In respect of a person who was a Member of the Fund and within six months of his withdrawal from the Fund becomes a member of another pension or retirement annuity fund :

(a) that no withdrawal benefit shall be paid by the Fund under Rule 6 in respect of such Member;

*Transfer* (b) for the payment to such other fund of an amount not less than the value of the withdrawal benefit to which the Member would otherwise have been entitled to under Rule 6.1, and not exceeding the liability of the Fund in respect of such Member, as determined by the Actuary;

*or amended*

and such special arrangements and the conditions determined in respect thereof shall, subject to the provisions of Section 14 of the Act, have the effect of amending any provision of the Rules not compatible therewith in respect of such person.

#### CURRENCY

8.9 Contributions and benefits are payable in the currency of the Republic of South Africa.

#### MONEYS NOT TO REVERT TO EMPLOYER

8.10 The Employer shall not derive any monetary advantage from moneys paid into or out of the Fund and no moneys of the Fund shall become the property of the Employer other than specifically provided for in the Rules.

### DISPUTES

- 8.11 If any dispute concerning interpretation of the Rules arises between the Trustees and an Employer or between either of them and the successors in title to the other of them, or between the Trustees and a Member or his Beneficiaries or the legal representative of either of them which may affect the liability of the Fund, the dispute shall be referred to the Actuary whose decision shall be final and binding.

### CHANGE IN WORKING STATUS

- 8.12 If a Member's working status is changed from full-time to part-time employment or vice versa or if the working hours of a part-time employee are changed (other than due to a general change in working hours), the accrued Pensionable Service prior to such change will be changed to the period calculated in accordance with the following formula :

$N = S/T \times M$  where

$N =$  number of months of accrued Pensionable Service to be calculated, taken to the nearest integral number,

$S =$  number of working hours per week immediately prior to the change in working status,

$T =$  number of working hours per week immediately following the change in working status,

$M =$  number of completed months of accrued Pensionable Service immediately prior to the change in working status.

Furthermore, all Pensionable Emoluments to be used in the calculation of Final Average Salary which were earned prior to such change shall be adjusted by the ratio T/S.

9. MANAGEMENT OF THE FUND

BOARD OF TRUSTEES

*See Rule Amendment  
No. 5  
u. e. 8 1/1/98  
item 2  
See Rule Amendment 6  
Paragraph "B"*

9.1 (1) The management, control and administration of the Fund vest in a Board of Trustees consisting of 8 persons, 5 of whom shall be appointed by the Principal Employer of whom one must be the Vice-Chancellor of the Principal Employer and three of whom shall be elected by the Members. If the Members fail to elect Trustees for any reason, the Principal Employer shall appoint the required number of Trustees.

(2) The Principal Employer shall have the right to remove any Employer-appointed member of the Board of Trustees from office at any time and to appoint a new member to the Board of Trustees, and to appoint alternates to any of the Employer-appointed Trustees. The principal officer shall also have the right to dismiss any Trustee who is absent from any three consecutive meetings of the Board of Trustees without good and acceptable reason. The Members shall elect an alternate or alternates to each Trustee elected by them.

(3) The Trustees shall hold office for an initial period of three years.

(4) Any member of the Board of Trustees ceases to be a member of the Board of Trustees if :

(a) he ceases to be a member of the Board of Trustees in terms of (2) above, or if he resigns as a member of the Board of Trustees; or

- (b) he becomes mentally or physically incapable of acting; or
- (c) his estate is sequestrated or surrendered or assigned in favour of his creditors; or
- (d) he is convicted by a competent court of theft, fraud, forgery or any similar offence; or
- (e) he is discharged by a competent court from any office of trust on account of misconduct; or
- (f) he is convicted by a competent court on any charge and sentenced to a prison term without the option of a fine.

**MEETINGS OF THE BOARD OF  
TRUSTEES**

- 9.2 (1) The Trustees shall elect one of their number to act as chairman at all meetings of the Trustees and a further Trustee as vice chairman to act in the place of the chairman in his absence. For the purposes of the election of the vice chairman the Trustees shall be restricted in their choice to a Member-elected Trustee if the chairman is an Employer-appointed Trustee and vice versa. In the absence of both the chairman and vice chairman from any meeting, the Trustees present shall elect one of their number to act as chairman.

(2) The Trustees shall meet from time to time as is necessary to conduct the business of the Fund; ~~2005~~ a quorum shall be ~~six~~ <sup>eight</sup> Trustees. At all meetings the decision of the majority shall be binding, and in the case of an equality of votes, the chairman of the meeting shall have a casting as well as a deliberative vote.

*Amend. No 5*  
*w.e.f 1/1/98*  
*Amendment No 6*  
*w.e.f 1/Oct/2003*

(3) A resolution in writing signed by a majority of the Trustees shall be effective as if it had been passed at a meeting of the Trustees duly convened and held. Any resolution passed in terms of this Rule shall be voted upon and confirmed at the first meeting of the Trustees held after the passing of such resolution.

#### POWERS OF THE BOARD OF TRUSTEES

9.3 Subject to the provisions of the Act the Trustees shall be empowered to carry out the objects and purposes of the Fund in accordance with the Rules and, without prejudice to the general purport of this provision, shall have the following powers :

- (a) to receive, administer and apply the moneys of the Fund;
- (b) to contract on behalf of the Fund and to sign such contract or other document on behalf of the Fund, to institute any legal action or process for the Fund and to conduct, settle or abandon such action or process, to defend or settle any legal action or process instituted against the Fund;

- (c) to raise, borrow or lend moneys, at interest or otherwise, for the purposes of the Fund; provided that borrowing shall be limited to temporary loans for bridging unforeseen cash shortages or for taking advantage of attractive investment opportunities;
- (d) to acquire, hold, alienate or otherwise deal with any movable or immovable property of the Fund subject to the provisions of Section 19 of the Act; provided that any immovable property acquired in excess of the Fund's own requirements at any stage may be let;
- (e) to invest, lend, put out at interest, place on deposit, make advances of, or otherwise deal with all moneys of the Fund upon such securities and in such manner as they may determine from time to time; and, in particular, to invest the whole or part of the moneys of the Fund, for such period and on such terms as they may determine, in an investment policy issued by an Insurer; provided that the Trustees may delegate their powers to make investments of any nature to any one or more of their members, or to a financial institution as defined in the Financial Institutions (Investment of Funds) Act, 1984 (Act No. 39 of 1984), or to a person approved in terms of Section 4(1)(f) of the Stock Exchanges Control Act, 1985 (Act No. 1 of 1985), and may defray expenses incurred as a result of such delegation out of the moneys of the Fund;

- (f) the Trustees may, for the purpose of housing loans as contemplated in Section 19(5) of the Act, make an advance or advances to a Member on security of a pledge of the benefits which the Member would have received on the date of such advance or the date of the last advance, if applicable, had he terminated his membership voluntarily on that date; provided that such Member is not permitted to pledge more than one-third of the said benefits;
- (g) to reinsure with an Insurer any benefits provided by the Fund to its Members and to act on behalf of the Fund and the Members in all negotiations with such Insurer;
- (h) to delegate the exercise of any of their powers and the performance of any of their functions to a sub-committee or any other person or persons, subject to any conditions they may determine;
- (i) to make, amend and rescind regulations in respect of any matter concerning the Fund, provided that such regulations do not conflict with the Rules;
- (j) to take, generally, such steps as are, in their discretion, conducive to the attainment of the objects of the Fund.

**PRINCIPAL OFFICER**

- 9.4 (1) The Trustees shall appoint a principal officer and, if deemed necessary, any other staff subject to such terms and conditions as they may determine. Any such appointment may be changed by the Trustees in their sole discretion. The Trustees shall inform the Registrar of the name and address of the principal officer.
- (2) If the principal officer is absent from the Republic of South Africa for a period exceeding 30 days or is otherwise unable to perform his duties, the Trustees shall appoint another person to act as principal officer during the period of his absence or disability and shall advise the Registrar accordingly.
- (3) The Trustees may from time to time appoint a suitable person or body to attend to the day-to-day operation of the Fund. Any such appointment may be changed by the Trustees in their sole discretion.

**AUDITOR**

- 9.5 (1) The Trustees shall appoint an Auditor, subject to the provisions of the Act, and each such appointment shall remain in force for a period of twelve months unless the Auditor is discharged by the Trustees or himself withdraws the appointment prior to the expiry of such period.
- (2) The Auditor shall have access to all books, vouchers, accounts and other documents pertaining to the Fund and shall certify in writing the result of each audit.

### BOOKS OF ACCOUNT

- 9.6 (1) The Trustees shall ensure that such accounts, entries, registers and records as are necessary for the proper management of the Fund are kept. The books of account must be closed off as at 31 December in each year and be audited by the Auditor of the Fund.
- (2) The accounts shall be approved by the Trustees and a copy thereof shall be available for inspection by Members and Pensioners of the Fund and any other person having an interest in the Fund.

### ACTUARY

- 9.7 Subject to the consent of the Registrar, the Trustees shall appoint an Actuary, who shall be the valuator of the Fund in terms of the Act, and such appointment shall remain in force until withdrawn by the Actuary or rescinded by the Trustees.

### ACTUARIAL VALUATIONS

- 9.8 (1) The Trustees shall keep such registers and records as will enable the Actuary to undertake an actuarial valuation of the Fund at any time.

*\* see amendment No 1*

(2) The Fund shall be valued by the Actuary at intervals not exceeding three years, the first such valuation to be done as at the third Fund Anniversary following the date of registration of the Fund. \*The Actuary shall submit a valuation report to the Trustees within twelve months of the date of valuation, which report shall contain recommendations in respect of any surplus or deficit existing at the date of the valuation. The Trustees shall send a copy of such report to the Principal Employer and to the Registrar and shall indicate to the Registrar the action they and/or the Employer propose taking with regard to any recommendation made by the Actuary in his report. A copy of the valuation report or a summary thereof as prescribed by the Registrar shall be submitted to each of the other Employers.

(3) The Actuary shall in his report also comment on the adequacy of the contribution rate. Any inadequacy in the contribution rate may be dealt with as follows :

- (a) an increase in the future contribution rate of the Employer and/or the Members; or
- (b) a reduction in the benefits relating to future Service; or
- (c) a combination of the above,

as determined by the Trustees after consultation with the Actuary, subject to the provisions of Rule 10.5

### BANK ACCOUNT

- 9.9 The Trustees shall cause accounts to be opened in the name of the Fund at any registered banking institution and may from time to time authorise cheques, bills or other documents relating to such accounts and pertaining to the Fund to be signed or endorsed by any person as they deem fit.

All moneys received by or on behalf of the Fund shall be paid into one of these accounts.

### RECORDS AND SAFE CUSTODY OF SECURITIES

- 9.10 (1) The Trustees shall ensure that complete records are kept of all the necessary particulars of the Members and any other persons entitled to benefits and of all other matters essential to the efficient administration of the Fund.
- (2) All mortgage bonds, title deeds and other securities belonging to or held by the Fund shall, unless temporarily held in custody by others for the purposes of the Fund, be stored in safe custody in the safe or strongroom at the registered office of the Fund or with any registered financial institution approved by the Registrar.
- (3) All assets and securities belonging to or held by the Fund shall be registered in the name of the Fund or in the name of a nominee company approved by the Registrar.

### SIGNING OF DOCUMENTS

- 9.11 The principal officer as well as one Employer-appointed Trustee and one Member-elected Trustee, so authorised by the Trustees, shall sign any agreement or document which is binding on the Fund or which authorises action on behalf of the Fund; provided that any documents to be deposited with the Registrar shall be signed as prescribed in the Act.

### INDEMNIFICATION

- 9.12 The Trustees and all officers of the Fund shall be indemnified by the Fund against all proceedings, costs and expenses incurred by reason of any claim in connection with the Fund not arising from their negligence, dishonesty or fraud.

### FIDELITY INSURANCE

- 9.13 The Trustees shall
- (1) insure the Fund at the Fund's expense against loss resulting from dishonesty or fraud of any of its officers (including the Trustees and any person to whom they have delegated their functions) having the receipt or charge of moneys belonging to the Fund, and
  - (2) ensure that any other party including the Employer has insurance protection against loss resulting from dishonesty or fraud of any other person having the receipt or charge of moneys belonging to the Fund.

**EXPENSES**

- 9.14 The expenses related to the management and administration of the Fund, including the cost of audits, actuarial investigations, and investment expenses, shall be borne by the Fund.

10. GENERAL

PROOF OF AGE AND PARTICULARS

- 10.1 Every Member must submit proof of age satisfactory to the Trustees and furnish such other information as is required by the Trustees. Payment of any benefit in respect of a Member other than a return of the Member's Accumulated Contributions in terms of Rule 6.1 may be withheld until such proof of age has been submitted and such other information furnished.

MEMBERS ARE DEFERRED CREDITORS

- 10.2 The Members and other Beneficiaries in terms of the Rules are deferred creditors of the Fund and their claim in their capacity as Members or Beneficiaries shall not be met until the claims of ordinary creditors have been paid.

CONDITIONS OF SERVICE UNCHANGED

- 10.3 (1) Nothing in the Rules shall restrict the right of the Employer to dismiss any Eligible Employee, or the right of any Employee to leave the Service of his Employer provided he fulfils the conditions of his service.
- (2) No benefit, right or interest to which a Member is or may have been entitled to in terms of the Rules shall be grounds for a claim for damages in any action brought by such Member against the Employer or the Fund.

- (3) Nothing in the Rules shall in any way prejudice the right of a Member or his Dependant to claim compensation or damages in terms of Common Law or any law governing Workman's Compensation, and the benefits payable in terms of the Rules shall not be reduced by any payment made under any such law.

#### REGISTRATION AND APPROVAL

- 10.4 The Trustees shall apply for registration of the Fund in accordance with the provisions of the Act and shall apply to the Commissioner for the approval of the Fund as a pension fund in terms of the Income Tax Act, 1962 (Act No. 58 of 1962).

#### AMENDMENTS TO THE RULES

- 10.5 (1) The Trustees may at any time amend the Rules by a majority of votes, provided that :
- (a) the rights and benefits of Members in respect of any Service prior to such amendment shall not be prejudiced thereby;
  - (b) the amendment is approved by the Principal Employer;
  - (c) the amendment is not inconsistent with the provisions of the Act or of the Income Tax Act, 1962;

provided that the limitations in (a) and (b) above shall not apply to amendments required to ensure that the Fund will be able to meet its obligations in terms of a certificate issued by the Actuary; and provided further that any amendment to the Rules affecting the financial basis of the Fund shall be referred to the Actuary before being adopted.

- (2) The Trustees shall submit any amendment to the Rules to the Registrar and the Commissioner in writing, for their approval.
- (3) Within six months after the Fund Anniversary the principal officer shall notify the Members of all amendments to the Rules registered within that financial year.

#### MEMBERS MAY OBTAIN COPIES OF DOCUMENTS

- 10.6 Every Member shall on admission to membership be entitled to a copy of the Rules or to a summary thereof supplied at his request. Every Member shall also be entitled on demand to inspect and make copies of the current Rules of the Fund, the latest accounts of the Fund and the latest valuation report by the Actuary.

#### BINDING POWER OF RULES

- 10.7 The provisions of the Rules and any regulation made thereunder by the Trustees shall be binding on the Members, the Fund and its officials, and any person who institutes a claim against the Fund.

ADMISSION OF ADDITIONAL  
EMPLOYERS

*Amendment No 1*  
*see amended*

10.8 Any organisation, company or body directly or indirectly associated with the Principal Employer which applies to participate in the Fund may be admitted as an Employer for the purposes of the Rules, subject to the approval of the Principal Employer and the Trustees on such conditions as they may determine.

DISSOLUTION OF FUND

- 10.9 (1) The Fund may be dissolved :
- (a) by the Trustees; or
  - (b) by order of court; or
  - (c) if the Employers decide unanimously that the Fund be dissolved, subject to six months' notice to the Trustees and the Members; or
  - (d) if the Employers should for any reason cease to operate; provided that if the Employers cease to operate for the purposes of reconstruction or amalgamation, such reconstructed or amalgamated organisation shall have the right to replace the Employers in the Fund, in which event the Fund shall not otherwise be affected.
- (2) If the Fund is dissolved in terms of (1) above, the Trustees shall appoint a liquidator, subject to the approval of the Registrar; or if no liquidator is so appointed by the Trustees, the Registrar shall appoint a liquidator.

The liquidator shall allocate a portion of the assets of the Fund to the Pensioners on a basis determined by the Actuary, and use each Pensioner's share in the assets of the Fund to purchase a pension from an Insurer. The conditions determined in respect of such pension are to be as similar to the Pensioner's Pension as is reasonably possible. The balance of the assets of the Fund shall be divided by the liquidator in an equitable manner, as recommended by the Actuary, amongst the Members then participating in the Fund and the Deferred Pensioners, and each Member's and Deferred Pensioner's share of the Fund shall be invested in an Approved Retirement Annuity Fund of the person's choice in his name.

- (3) Alternatively, the liquidator may determine another method of disposing of the assets of the Fund for the benefit of the Members, Pensioners and Deferred Pensioners, subject to the approval of the Registrar and the Commissioner.
- (4) Subject to the provisions of the Act and to the provisions of Rule 8.5, the liquidator shall decide in what manner the assets of the Fund shall be realised and, after consultation with the Actuary, in what manner the obligations and contingent obligations in respect of Members, Pensioners and Deferred Pensioners, shall be met. The Actuary shall take the following into account :

- (a) any Pensions and enhancements to Pensions in the course of payment to Pensioners, Qualifying Spouses and Qualifying Children in terms of the Rules as well as any future Qualifying Spouses' and Qualifying Children's Pensions which may become payable at a later date due to the death of a Pensioner;
- (b) each Member's and Deferred Pensioner's accrued interest in the Fund as at the date of dissolution as well as any additional sums transferred to the Fund by or on behalf of an Employer or assets brought into the Fund by an Employer on the date on which he was admitted as such under the Fund; and
- (c) any other obligations and liabilities.

The liquidator shall arrange, where necessary for the purchase of annuities from an Insurer in respect of Pensions referred to in (a) above.

- (5) Any assets remaining in the Fund after the obligations referred to in (4) above have been met, shall, in his discretion, be divided by the liquidator amongst the Members, Pensioners and Deferred Pensioners in a just manner; provided that all Eligible Employees who either voluntarily or due to a reduction in or reorganisation of staff left Service during the immediately preceding twelve months or such shorter period as the liquidator may determine, shall for the purposes of this Rule be regarded as if they were Members on the date of

dissolution of the Fund; and provided, further, that the benefits already paid to any such Eligible Employee before the division of the remaining assets, shall be taken into account in determining the amount payable to such person.

- (6) If the Fund is terminated or dissolved under Section 28 of the Act, all moneys remaining unclaimed for a period of six months from the date on which payment of benefits commenced after completion of all necessary formalities, shall be paid into the Guardian's Fund by the liquidator for the benefit of the Members concerned, and thereafter there shall be no claim against the Fund or the Employer. The liquidator shall indicate in his final liquidation account the amount thus paid and shall simultaneously furnish the Registrar with a certificate to the effect that all reasonable steps were taken to trace persons entitled to the amount. An auditor approved by the Registrar shall certify the account as correct.
- (7) If the Fund is wound up under section 29 of the Act, and the winding-up order does not specifically make Section 410 of the Companies Act, 1973 (Act No. 61 of 1973), applicable or direct otherwise regarding unclaimed moneys, the provisions of (6) above shall apply.

#### WITHDRAWAL OF AN EMPLOYER

- 10.10 (1) Subject to the giving of three months' (or such shorter period as is accepted by the Trustees) notice by the Employer concerned to the Trustees and the Members employed by that Employer, an Employer may withdraw from the Fund in which case one of the following provisions shall apply:

- (a) If after such withdrawal there is no Employer in terms of the Rules, the Fund shall be dissolved in accordance with Rule 10.9.
  - (b) If such Employer decides to establish a new fund or scheme or to participate in another fund or scheme for the purpose of providing retirement benefits for Eligible Employees who are members thereof, the provisions of Rule 10.12 shall apply in respect of such Employer.
  - (c) In all other instances the Members who are Employees of such Employer shall be entitled to their Members' Shares, as determined by the Actuary.
- (2) With the approval of, or if requested by the Principal Employers, the Trustees may request an Employer to withdraw from the Fund as from a date specified by them in which case the provisions of (1) above shall apply.
- (3) If an Employer ceases to operate for any reason, such cessation will be deemed a withdrawal from the Fund by such Employer for the purposes of this Rule, in which event (1)(c) above will apply.

### TRANSFER OR AMALGAMATION

- 10.11 If an Employer's operation is transferred to or amalgamated with that of any other organisation, such other organisation may :
- (a) continue contributions to the Fund in respect of the existing Members at the time of such transfer or amalgamation, subject to any conditions imposed by the Trustees after consultation with the Actuary; in which case the Fund shall not be affected except that "Employer" shall include such new organisation, and the provisions of the Rules shall thereafter apply to all Employees of the new Employer who were Members of the Fund at the time of such transfer or amalgamation; or
  - (b) withdraw from the Fund in which case Rule 10.10 shall apply.

### NEW FUND OR SCHEME

- 10.12 If the Employer decides to establish a new fund or scheme for the principal purpose of providing retirement benefits for his Employees or for certain of his Employees, or to participate in another fund or scheme for this purpose, the Trustees may, notwithstanding anything to the contrary in the Rules, apply the assets of the Fund or the appropriate portion thereof to obtain benefits for the Members and Deferred Pensioners concerned under the new fund or scheme, in such manner as the Trustees, after consultation with the Actuary and with the approval of the Registrar, may decide, subject to the provisions of Section 14 of the Act, and provided that adequate arrangements have been made in respect of all Pensions referred to in Rule 10.9(4)(a).

ANNEXURE A

PENSION FUNDS ACT, NO 24 OF 1956

SECTION 37C

"37C. Disposition of pension benefits upon death of member

(1) Notwithstanding anything to the contrary contained in any law or in the rules of a registered fund, any benefit payable by such a fund in respect of a deceased member, shall, subject to a pledge in accordance with section 19(5)(b)(i) and subject to the provisions of sections 37A(3) and 37D, not form part of the assets in the estate of such a member, but shall be dealt with in the following manner :

(a) if the fund within twelve months of the death of the member becomes aware of or traces a dependant or dependants of the member, the benefit shall be paid to such dependant or, in such proportions as may be deemed equitable by the person managing the business of the fund, to such dependants.

(b) If the fund does not become aware of or cannot trace any dependant of the member within twelve months of the death of the member, and the member has designated in writing to the fund a nominee who is not a dependant of the member, to receive the benefit or such portion of the benefit as is specified by the member in writing to the fund, the benefit or such portion of the benefit shall be paid to such nominee : Provided that where the aggregate amount of the debts in the estate of the member exceeds the aggregate amount of the assets in his estate, so much of the benefit as is equal to the difference between such aggregate amount of debts and such aggregate amount of assets shall be paid into the estate and the balance of such benefit or the balance of such portion of the benefit as specified by the member in writing to the fund shall be paid to the nominee.

(bA) If a member has a dependant and the member has also designated in writing to the fund a nominee to receive the benefit or such portion of the benefit as is specified by the member in writing to the fund, the fund shall within twelve months of the death of such member pay the benefit or such portion thereof to such dependant or nominee in such proportions as the person managing the business of the fund may deem equitable : Provided that this paragraph shall only apply to the designation of a nominee on or after 30 June 1989.

- (c) If the fund does not become aware of or cannot trace any dependant of the member within twelve months of the death of the member and if the member has not designated a nominee or if the member has designated a nominee to receive a portion of the benefit in writing to the fund, the benefit or the remaining portion of the benefit after payment to the designated nominee, shall be paid into the estate of the member or, if no inventory in respect of the member has been received by the Master of the Supreme Court in terms of section 9 of the Estates Act, 1965 (Act No. 66 of 1965), into the Guardian's Fund.
- (2) For the purposes of this section, a payment by a registered fund to a dependant shall be deemed to include a payment made by the fund to a trustee contemplated in the Trust Moneys Protection Act, 1934 (Act No. 34 of 1934), for the benefit of a dependant contemplated in this section."

**CERTIFIED EXTRACT OF THE MINUTES OF THE COUNCIL OF RHODES UNIVERSITY ON  
4 MAY 1995**

IT WAS RESOLVED THAT:

1. With effect from 1 January 1995 a Pension Fund known as the Rhodes University Pension Fund be established for the benefit of eligible employees and their dependants.
2. The Trustees appointed in terms of the Rules by the Principal Employer are:

DR DS HENDERSON (in his capacity as Vice-Chancellor)

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MR BS RAYNER

---

MR TCS TAGG

---

MR C MURRAY

---

MR NE WOOLLGAR

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*K. H. S. Hunt*

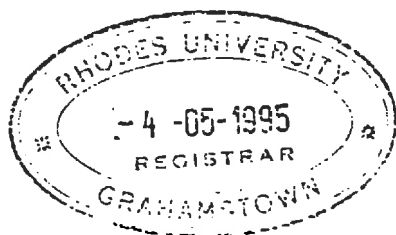
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REGISTRAR

*4<sup>th</sup> May 1995*

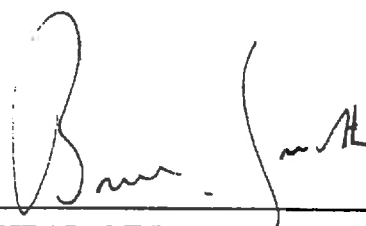
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DATE




Derek S. Henderson  
CHAIRMAN, BOARD OF TRUSTEES

4/5/95  
DATE

  
PRINCIPAL OFFICER

4.5.95  
DATE

  
TRUSTEE

4/5/95  
DATE

ANNEXURE B

SPECIAL PROVISIONS IN RESPECT OF PENSIONERS  
OF THE ASSOCIATED INSTITUTIONS PENSION FUND  
(AIPF) WHO ELECTED TO TRANSFER THEIR PENSIONS  
TO THE FUND ON 1 JANUARY 1995

1. Pensioners of the AIPF who irrevocably elected to transfer to Rhodes University Pension Fund on 1 January 1995 shall become pensioners of the Fund with effect from 1 January 1995.
2. The amount transferred in respect of each pensioner shall be the nett actuarial liability in respect of each pensioner in the Previous Fund as determined by the Actuary.
3. The Pensioner shall not receive a Pension less than the pension he was receiving from the Previous Fund and will be entitled to all rights in terms of these Rules that the other Pensioners are entitled to.