

AMENDMENT 9

to the RULES of the

SARPBAC RETIREMENT FUND (PROVIDENT)

The BOARD OF TRUSTEES resolved at a meeting held on 21 November 2019 at MILNERTON, CAPE TOWN that the RULES are amended as follows:

With effect from 1 September 2019:

1. The following definitions are added to the DEFINITIONS rule:

DATE OF DISABLEMENT The date from which the MEMBER has suffered DISABILITY as determined by the INSURER;

DISABILITY/ DISABLED A condition that satisfies the provisions governing DISABILITY as set out in the POLICY of insurance issued to the FUND by the INSURER;

WAITING PERIOD The period set out in the POLICY of insurance issued to the FUND by the INSURER.

2. The definition of GROUP INSURANCE BENEFIT in the DEFINITIONS rule is replaced by the following:

GROUP INSURANCE BENEFIT The death and DISABILITY (if any) benefit(s) indicated as such in the SCHEDULE;

3. The definition of FINAL SALARY in the GENERAL section of the SCHEDULE is replaced by the following:

FINAL SALARY The sum of a MEMBER'S MONTHLY PENSIONABLE SALARY for the 12 months preceding the date of his death or DATE OF DISABLEMENT provided that in respect of a MEMBER who is on approved temporary absence in terms of Rule A 1.2, the FINAL SALARY shall be calculated as if the MEMBER had died or become DISABLED on the date of commencing approved temporary absence.

4. The following section is added to the SCHEDULE:

DISABILITY BENEFIT

**GROUP INSURANCE BENEFIT (i) MEMBERS who die in service on or before
NORMAL RETIREMENT AGE:**

**3 times the MEMBER'S FINAL SALARY
subject to a maximum of R10 000 000,00,
reduced during the 5-year period
immediately preceding his NORMAL
RETIREMENT AGE. The reduced benefit
will be calculated by taking the full benefit
and multiplying it by the number of complete
months from the DATE OF DISABLEMENT
to the NORMAL RETIREMENT AGE and
dividing the result by 60**

**(ii) MEMBERS who die in service after
NORMAL RETIREMENT AGE:**

Nil

plus

Accumulated contributions the MEMBER'S SHARE

minus

**any costs incurred and deducted in terms of Rule
B 2.8.**

Mode of payment Lump sum

(Refer to Rule A 6)

5. Rule A 1.2, Temporary absence, is replaced by the following:

A 1.2 Temporary absence

A 1.2.1 Approved temporary absence with remuneration

While a MEMBER receives his full remuneration or reduced remuneration from the EMPLOYER, his membership of the FUND and the benefits and contributions which are applicable under the FUND are not affected by his absence from the EMPLOYER'S service; provided that if his remuneration is reduced then benefits and contributions will be based on such reduced remuneration.

A 1.2.2 Approved temporary absence without remuneration

A 1.2.2.1 A MEMBER'S absence from the EMPLOYER'S service without remuneration will, subject to the consent of the BOARD OF TRUSTEES, be regarded as approved temporary absence. Membership of the FUND continues during such temporary absence, subject to the following:

(i) If the MEMBER elects not to contribute during the period of temporary absence:

(a) no contributions will be made by or in respect of the MEMBER during the period of approved temporary absence, save for premiums payable in terms of Rule A 1.2.2.2 (if any);

(b) benefits are determined on the basis that no contributions are added during the period of approved temporary absence and that the GROUP INSURANCE BENEFITS will cease during the said period, unless continued cover has been accepted by the INSURER (see Rule A 1.2.2.2);

(ii) If the MEMBER elects to contribute during the period of temporary absence:

(a) the MEMBER may elect to contribute his own contributions or both his own contributions and the contribution the EMPLOYER would have made in respect of him. The MEMBER will pay such contributions to the EMPLOYER to be dealt with in terms of Rule A 2.4.1;

(b) a MEMBER'S GROUP INSURANCE BENEFITS will continue during such period, subject to the conditions of Rule A 1.2.2.2. Contributions and benefits will be based on the ANNUAL SALARY the MEMBER earned immediately prior to the date on which his temporary absence commenced.

A 1.2.2.2 At the request of the MEMBER and with the consent of the EMPLOYER, the BOARD OF TRUSTEES may request that the INSURER continue to provide cover for the MEMBER'S GROUP INSURANCE BENEFITS during the period of approved temporary absence.

In the event that the INSURER agrees to the request, the GROUP INSURANCE BENEFITS will continue to apply to the MEMBER during the said period, but subject to the terms and conditions that are laid down by the INSURER. The premiums required by the INSURER will be paid by the EMPLOYER.

A 1.2.2.3 The maximum period of approved temporary absence for any MEMBER is 12 months. In the case of a MEMBER who through injury or illness is unable to follow his normal occupation, the maximum period of approved temporary absence will be 6 months. Periods of approved temporary absence which are interrupted by

less than 6 consecutive calendar months are regarded for the purposes of these provisions as 1 period of approved temporary absence.

A 1.2.2.4 If the period of approved temporary absence is terminated (as a result of the expiry of the maximum period of approved temporary absence or otherwise) and the MEMBER concerned is again an EMPLOYEE, his membership continues in the normal way. If, however, he is not an EMPLOYEE at the termination of such absence, the withdrawal benefits described in these RULES shall be available as if he had then terminated service unless his membership is reinstated with the consent of the BOARD OF TRUSTEES.

6. Rule A 6, DISABILITY, is replaced by the following:

RULE A 6 - DISABILITY BENEFIT

A 6.1 Amount of DISABILITY benefit

The DISABILITY benefit of each MEMBER shall be as set out in the SCHEDULE, subject to such maxima as set out in the POLICY issued to the FUND by the INSURER.

A 6.2 Conditions for and manner of payment of DISABILITY benefit

A 6.2.1 Should a MEMBER become DISABLED prior to his NORMAL RETIREMENT AGE, all contributions on behalf of the MEMBER shall cease and the MEMBER shall become entitled to the DISABILITY benefit upon the expiry of the WAITING PERIOD, provided that entitlement to the DISABILITY benefit will be subject to acceptance of the claim by the INSURER and to the terms and conditions set out in the POLICY issued to the FUND by the INSURER.

A 6.2.2 The DISABILITY benefit shall be payable as set out in the SCHEDULE.

A 6.2.3 Should the MEMBER die before the DISABILITY benefit was dealt with in accordance with this Rule A 6, the DISABILITY benefit set out in the SCHEDULE shall be payable in terms of Rule B 2.7.

A 6.3 GROUP INSURANCE BENEFITS cease immediately prior to the TERMINATION DATE

Notwithstanding anything to the contrary in these RULES, the DISABILITY GROUP INSURANCE BENEFITS provided through the POLICIES in respect of a MEMBER will cease immediately prior to the TERMINATION DATE applicable to that MEMBER.

7. Rule B 2.7.4 of Rule 2.7, Payment of benefits, is replaced by the following:

B 2.7.4 Should a MEMBER die after the date of accrual of his:

- (i) withdrawal benefit in terms of Rule A 3; or
- (ii) retirement benefit in terms of Rule A 4; or
- (iii) DISABILITY benefit in terms of Rule A 6,

but prior to the payment of such benefit, the FUND shall effect payment of the benefit to the deceased MEMBER'S estate.

Notwithstanding the above, the executor of the deceased MEMBER'S estate may advise the FUND to pay such benefit as instructed by the MEMBER at the accrual date of the benefit (where applicable).

With effect from 1 January 2020:

8. The following definitions are added to the DEFINITIONS rule:

MEMBER CONTRIBUTIONS ACCOUNT An account maintained by the ADMINISTRATOR in respect of each MEMBER in terms of Rule B 2.15;

9. The definition of MEMBER'S SHARE in the DEFINITIONS rule is replaced by the following:

MEMBER'S SHARE In respect of each MEMBER the sum of the amounts in the:

- (i) MEMBER CONTRIBUTIONS ACCOUNT;
- (ii) MEMBER'S NET EMPLOYER CONTRIBUTIONS ACCOUNT; and
- (iii) MEMBER'S ADDITIONAL CONTRIBUTIONS ACCOUNT,

less any deductions made as permitted in terms of Section 37D of the ACT

less expenses in respect of the FUND as described in Rule B 1.11 (i)

less the portion allocated towards the payment of expenses as described in (ii) to (vii) of Rule B 1.11, provided that such portion shall not exceed 0.2% of the MEMBER'S MONTHLY PENSIONABLE SALARY.

The MEMBER'S SHARE shall at least be equal to the PRESCRIBED MINIMUM BENEFIT;

10. The definition of **MEMBER'S contributions** in the **CONTRIBUTIONS** section of the **SCHEDULE** is replaced by the following:

MEMBER'S contributions **7,5%** **of** **the** **MEMBER'S** **MONTHLY**
PENSIONABLE SALARY

11. The definition of **NET EMPLOYER CONTRIBUTIONS** in the **CONTRIBUTIONS** section of the **SCHEDULE** is replaced by the following:

NET EMPLOYER CONTRIBUTIONS The **EMPLOYER'S** contributions minus the following:

- (i) the premiums in respect of the **GROUP INSURANCE BENEFITS**; and
- (ii) the premiums payable in respect of the **SEPARATE INSURANCE BENEFITS**.

12. **Rule A 2.1** of **Rule A 2, CONTRIBUTIONS**, is replaced by the following:

A 2.1 MEMBER

Every **MEMBER** is required to make monthly contributions to the **FUND** as set out in the **SCHEDULE**. The contribution rates are set out in the **SCHEDULE**. Contributions are rounded off to the nearest cent and are deducted from the **MEMBER'S** remuneration by the **EMPLOYER**.

13. **Rule A 2.3** of **Rule A 2, CONTRIBUTIONS**, is replaced by the following:

A 2.3 Transfers and voluntary contributions

A 2.3.1 Subject to the **BOARD OF TRUSTEES** agreeing thereto, a **MEMBER** may make contributions to the **FUND** by way of:

- (a) a lump sum to which he has become entitled on his withdrawal from another **APPROVED PENSION FUND** or **APPROVED PROVIDENT FUND**; or
- (b) regular amounts not otherwise recognised for the purpose of calculating his benefits under the **FUND**.

A 2.3.2 These contributions shall be kept in a separate account, namely, the **ADDITIONAL CONTRIBUTIONS ACCOUNT** held in respect of the **MEMBER**.

14. Rule B 2.3.1 of Rule B 2.3, Account balances, is replaced by the following:

B 2.3.1 The sum of the balances in the:

B 2.3.1.1 MEMBER CONTRIBUTIONS ACCOUNTS;

B 2.3.1.2 NET EMPLOYER CONTRIBUTIONS ACCOUNTS;

B 2.3.1.3 MEMBER'S ADDITIONAL CONTRIBUTIONS ACCOUNTS; and

B 2.3.1.4 EXPENSE RESERVE ACCOUNT

shall, notwithstanding anything to the contrary contained in these RULES, not exceed the value of the assets of the FUND. The balances in each of the said accounts will be adjusted proportionally to achieve equality between the said amounts at any time but at least at each ANNIVERSARY DATE.

15. The following Rule is added to Rule B 2, GENERAL PROVISIONS CONCERNING BENEFITS:

B 2.15 MEMBER CONTRIBUTIONS ACCOUNT

B 2.15.1 A MEMBER CONTRIBUTIONS ACCOUNT will be held in respect of each MEMBER and will contain the contributions paid in terms of Rules A 2.1, together with the investment returns credited to such contributions as described hereunder.

B 2.15.2 Subject to Rule B 2.3, the MEMBER CONTRIBUTIONS ACCOUNT is equal to:

B 2.1.2.1 the balance in the MEMBER CONTRIBUTIONS ACCOUNT at the most recent ANNIVERSARY DATE;
plus

B 2.1.2.2 MEMBER contributions made in terms of Rule A 2.1 since the ANNIVERSARY DATE; plus

B 2.1.2.3 interest as declared by the BOARD OF TRUSTEES.

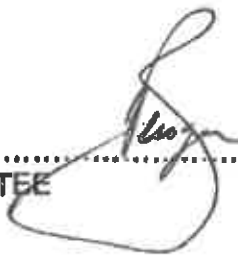
The reasons for the amendment are to:

- ***include lump sum disability benefits which will be tax-approved in place of the current unapproved disability income benefits;***
- ***allow for Member contributions due to the fact that Member contributions will cease under the SARPBAC Retirement Fund (Pension) (FSCA registration number 12/8/38094); and***
- ***indicate that Expenses are deducted from the Member's Share instead of being a deduction to reach "Net Employer Contribution" to align with the administration system practice. The net effect remains the same.***

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


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CHAIRPERSON: BOARD OF TRUSTEES


21/11/2019
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DATE


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TRUSTEE

21/11/19
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DATE


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PRINCIPAL OFFICER

21/11/2019
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DATE

REGISTERED in terms of
Pension Funds Act, No. 24 of 1956
17 DEC 2019

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FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY