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THE PRINCIPAL OFFICER
2 STRAND ROAD
BELLVILLE
SOUTH AFRICA

7530P

CASE NUMBER: 555570

Dear Sir

PENSION FUNDS ACT, 1956 (ACT 24 OF 1956): CONSOLIDATED RULES - NATIONAL FUND FOR MUNICIPAL WORKERS

Your letter of 19 July 2022 refers. I enclose a copy of the Consolidated Rules duly approved and registered in terms of section 12(5) of the Act.

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

Yours faithfully

FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY

Executive Committee:

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

NATIONAL FUND FOR MUNICIPAL WORKERS



CONSOLIDATED RULES

These revised rules are effective from 1 July 2022.

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**EXTRACT FROM THE MINUTES OF A MEETING OF THE BOARD OF TRUSTEES
OF THE NATIONAL FUND FOR MUNICIPAL WORKERS HELD AT PRETORIA ON
JUNE 2022**

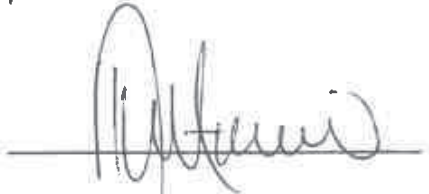
CONSOLIDATION OF RULES

Resolution

The Board of Trustees resolved at Pretoria on 14 June 2022 that the Rules of the Fund be substituted with effect from 1 July 2022 by the set of Consolidated Rules attached hereto.

Certification

Certified that the above resolutions have been adopted in accordance with the provisions of the Rules of the Fund.



CHAIRPERSON OF THE BOARD

29 June 2022

DATE



MEMBER OF THE BOARD

29 June 2022

DATE



PRINCIPAL OFFICER

29 June 2022

DATE

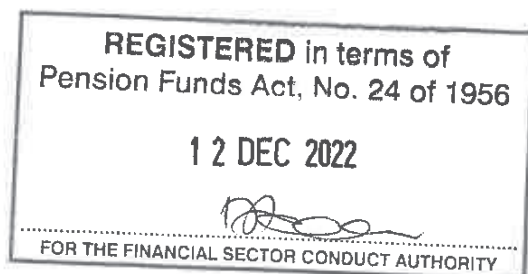


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PART 1.

ESTABLISHMENT and OBJECT of the FUND

- 1.1 A retirement fund known as "Voorsorgfonds vir Plaaslike Owerhede" was established on 01 July 1987.

With effect from 01 June 1997 the name of the fund was changed to the IMATU Retirement Fund, and with effect from 01 November 2000 the name of the fund was changed again to the NATIONAL FUND FOR MUNICIPAL WORKERS ("the FUND").

With effect from 01 November 2008 the RULES of the FUND were revised.

With effect of 1 April 2015 the RULES of the FUND were consolidated to incorporate all previous amendments. With effect from 01 January 2019 the RULES of the FUND were revised to incorporate all previous amendments, and to ensure compliance with the latest provisions of the Pension Funds Act, as amended up to and including that date.

With effect from 01 July 2022 (EFFECTIVE DATE) the RULES of the FUND were consolidated to incorporate all previous amendments, and to ensure compliance with the latest provisions of the Pension Funds Act, as amended up to and including that date.

It is hereby certified that these are the RULES of the FUND effective from the EFFECTIVE DATE. If the registration of these rules in terms of the ACT is effected later than 01 July 2022, the rules will nevertheless take effect from 01 July 2022.

1.2

The registered office of the FUND shall be at

Section 2, Business Park @ Zambezi



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860 Milkplum Street

Montana ,

- 1.3 The object of the FUND is to provide benefits for its MEMBERS on their retirement or withdrawal, and for their DEPENDANTS or NOMINEES in the event of the death of such MEMBERS.

- 1.4 The FUND is an independent corporate body with legal persona existing separately from its MEMBERS, beneficiaries and other persons, and is in its own name capable in law of suing and being sued and of acquiring, holding and alienating property, movable and immovable, and of acquiring rights and obligations.



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PART 2.

DEFINITIONS

In these RULES words defined in the ACT and not in the RULES shall have the meanings assigned to them in the ACT and, unless inconsistent with the context, all words and expressions signifying the singular shall include the plural and vice versa, words and expressions implying the masculine gender shall include the feminine, and the following words and expressions shall have the following meanings:

ACT : The Pension Funds Act, 1956 (Act 24 of 1956), as amended, from time to time.

ACCREDITED FUND means a retirement fund with the status of being permitted to accept new members in terms of the collective agreement reached in the South African Local Government Bargaining Council.

ACTUARY : An ACTUARY appointed by the BOARD OF TRUSTEES in terms of these RULES and the ACT.

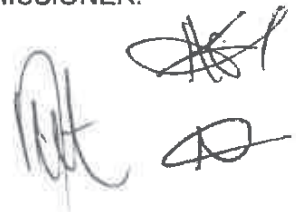
ADJUDICATOR : The Pension Funds Adjudicator appointed in terms of the ACT.

ADMINISTRATOR : An organisation appointed by the BOARD OF TRUSTEES to administer the FUND for the time being in terms of these RULES and the ACT.

ANNUITANT: means a person who is in receipt of a LIVING ANNUITY from the FUND.

ANNUITY STRATEGY: shall mean the annuity strategy maintained by the FUND in terms of Rule 6.8.

APPROVED FUND : A Pension, Provident, Pension Preservation, Provident Preservation or Retirement Annuity Fund, as appropriate, approved as such by the COMMISSIONER. Eligibility for membership of an approved Preservation Fund will be subject to the requirements of the COMMISSIONER.

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APPROVED RETIREMENT ANNUITY FUND: A Retirement Annuity Fund approved as such by the COMMISSIONER.

APPROVED INVESTMENT PORTFOLIOS : The list of investment portfolios selected and approved by the BOARD OF TRUSTEES from time to time, in accordance with its declared investment policy, for the investment of the monies of the FUND in terms of these RULES.

AUDITOR : An AUDITOR appointed by the BOARD OF TRUSTEES in terms of these RULES and the ACT.

AUTHORITY: The Financial Sector Conduct Authority.

BOARD OF TRUSTEES : The BOARD OF TRUSTEES constituted to manage the FUND in terms of these RULES and the ACT.

CAPE METRO MEMBER : An OLD FUND MEMBER who immediately prior to 01 November 1998 was an employee of one of the following LOCAL AUTHORITIES –

- Cape Town Municipality
- Cape Metropolitan Council
- Tygerberg Municipality
- Blouberg Municipality
- South Peninsula Municipality

and, as such, was a member of the Cape Municipal Pension Fund, and elected to become a member of the National Pension Fund for Municipal Workers, and to transfer his interest that existed in that fund on 31 October 1998 to the National Pension Fund for Municipal Workers on 01 November 1998, but also to become a MEMBER of this FUND on 01 November 1998 and to make contributions to this FUND.



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CATEGORY A-MEMBER : A MEMBER whose main pension interest is in another fund in the Local Government sector and who –

- (a) joined the FUND prior to 01 June 1997 for purposes of supplementing his retirement benefits and who elected to continue on that basis; or
- (b) became a MEMBER on or after 01 June 1997, also for the purposes of supplementing his retirement benefits and who therefore elected to contribute at least 2% of his REMUNERATION.

CATEGORY B-MEMBER : A MEMBER with dual membership of both Category A and Category C of the FUND.

CATEGORY C-MEMBER : A MEMBER who -

- (a) became a MEMBER on or after 01 June 1997 and who contributes to the FUND an amount equal to a percentage of his REMUNERATION as agreed between the particular LOCAL AUTHORITY and the MEMBER; and
- (b) who also elected to transfer his membership of the OLD FUND to this FUND and to divert the contributions that he used to make to the OLD FUND to this FUND.

CATEGORY D-MEMBER: A MEMBER who has elected not to be insured for or to receive DEATH RISK BENEFIT and ILL-HEALTH RISK BENEFIT as provided for in these RULES. A FUNERAL BENEFIT will be payable as provided in these RULES.

CATEGORY E-MEMBER: A MEMBER who transferred to the FUND from another retirement fund that, in its rules, does not permit the commutation of more than one third of a member's retirement capital for a cash lump sum at retirement.

COMMENCEMENT DATE: 1 July 1987



COMMISSIONER : The COMMISSIONER for Inland Revenue.

CONTRACT WORKER : An eligible employee who either on the date of entering service of the particular LOCAL AUTHORITY or through a change to the employee's / MEMBER'S current conditions of service is appointed on a contract basis in terms of section 57 of the Local Government Municipal Systems Act (Act 32 of 2000), as amended. Whose pensionable remuneration levels are not determined by agreement at the South African Local Government Bargaining Council, or whose contract of employment permits him to determine his own level of pensionable remuneration.

CONTRIBUTIONS FOR RETIREMENT BENEFITS : The contributions made to the FUND by and on behalf of a MEMBER, less the following expenses per MEMBER:

- (a) an allocation towards the risk reserve account to assist with the funding of the RISK BENEFITS secured for the MEMBER in terms of these RULES, and
- (b) a pro-rata amount to cover the cost of administering the FUND, together with any other costs incurred by the FUND in respect of each MEMBER (inclusive of Value Added Tax).

CONTRIBUTION SCHEDULE: The schedule attached to these RULES reflecting the MEMBER and EMPLOYER contribution rates as agreed between the parties, which form part of these RULES;

COUNCILLOR: A member of a municipal council in terms of the Local Government Municipal Structures Act, 1998 (Act 117 of 1998);

DEATH RISK BENEFIT: a benefit payable upon the death of a contributing MEMBER as provided in RULE 7.1.2;

DEFERRED MEMBER : means a former MEMBER who has a paid-up benefit in the FUND;



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DEFERRED RETIREE: shall mean a former MEMBER who has retired from service in terms of Rule 6.1 and elected that his or her retirement benefit be retained in the FUND until RETIREMENT FROM THE FUND, subject to the provisions of Rule 6.7.

DEPENDANT :

- (a) A person in respect of whom the MEMBER is legally liable for maintenance;
- (b) A person in respect of whom the MEMBER is not legally liable for maintenance, if such person,
 - (i) was in the opinion of the BOARD OF TRUSTEES, upon the death of the MEMBER in fact dependent on the MEMBER for maintenance,
 - (ii) is the SPOUSE of the MEMBER, or
 - (iii) is a child of the MEMBER, including a posthumous child, an adopted child and a child born out of wedlock;
- (c) A person in respect of whom the MEMBER would have become legally liable for maintenance, had the MEMBER not died.

DEFAULT INVESTMENT PORTFOLIO : Such one or more APPROVED INVESTMENT PORTFOLIOS selected by the BOARD OF TRUSTEES from time to time, in accordance with its declared investment policy, for the investment of contributions and other amounts in respect of which a MEMBER has failed to select a NOMINATED INVESTMENT PORTFOLIO.

EFFECTIVE DATE : 01 July 2022

ELIGIBLE EMPLOYEE : A person who is in a permanent capacity in the service of a participating LOCAL AUTHORITY or; who is employed in a part-time capacity in the service of a participating LOCAL AUTHORITY or who is appointed as a CONTRACT WORKER in the service of a participating LOCAL AUTHORITY.

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EMPLOYER : The LOCAL AUTHORITY, administrative unit or organisation that is currently recognised as the successor in business of a LOCAL AUTHORITY or department within a LOCAL AUTHORITY, by whom the MEMBER is or was last employed.

EMPLOYER'S ORGANISATION : The National Organisation as defined in the Organised Local Government Act, No. 52 of 1997.

FINANCIAL YEAR : Each 12 month period ending on 30 June.

FUND : The NATIONAL FUND FOR MUNICIPAL WORKERS.

FUND ANNIVERSARY : The first day of July in each year.

FUND INTEREST : The investment return (both realised and unrealised) that the FUND earns per portfolio in respect of a MEMBER as determined by the ADMINISTRATOR on behalf of the FUND, reduced, if applicable, by a percentage, as determined by the FUND from time to time, to be allocated to the EXPENSE RESERVE ACCOUNT to allow for the expenses related to the management of the FUND. The FUND INTEREST may be positive or negative depending on the circumstances.

FUNERAL BENEFIT: a funeral benefit payable in the event of the death of a MEMBER, the SPOUSE of the MEMBER, or a qualifying child of the MEMBER as provided for in these RULES;

ILL-HEALTH: a MEMBER who in the opinion of the BOARD or the relevant INSURER, where applicable, is suffering from an illness, condition or disability on the basis of which if conditions set out in the protocol adopted by the BOARD or a POLICY OF INSURANCE issued by the INSURER are fulfilled, the MEMBER will be entitled to the ILL-HEALTH RISK BENEFIT as provided for in these RULES;

ILL-HEALTH RISK BENEFIT: a benefit to which a contributing MEMBER is entitled to upon ILL-HEALTH as provided for in RULES 6.2.2;

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INSURER : An INSURER registered in terms of the Long Term Insurance Act, 1998.

INVESTMENT INSURANCE CONTRACT : An investment insurance policy issued to the FUND by an INSURER.

INVESTMENT MANAGEMENT CHARGE : Any fee charged by an individual or portfolio management company appointed in terms of the RULES to manage all or a portion of the assets of the FUND.

LIQUIDATOR : A person appointed by the BOARD OF TRUSTEES to liquidate the FUND or a part of the FUND in terms of Section 28 of the ACT.

LIVING ANNUITY: means a living annuity as defined in the Income Tax Act, Act 58 of 1962.

LOCAL AUTHORITY : A local authority as defined in Section 1 of the Income Tax Act (Act No. 58 of 1962) as amended, in the Municipal Structures Act (Act No. 117 of 1998) and in the Municipal Systems Act (Act No. 32 of 2000), which participates in the FUND with the consent of the BOARD OF TRUSTEES, and agrees to be bound by the RULES.

Where appropriate, LOCAL AUTHORITY shall include an administrative unit or organisation that is recognised as the successor in business to a LOCAL AUTHORITY or department within a LOCAL AUTHORITY.

MEMBER:

(a) An ELIGIBLE EMPLOYEE or COUNCILLOR whose membership of the FUND has been registered with the FUND by his EMPLOYER or LOCAL AUTHORITY and who participates in the FUND by virtue of his/her employment with the EMPLOYER or the LOCAL AUTHORITY, as the case may be; or

(b) A person referred to in (a);

(i) who may no longer qualify for membership of the FUND but elected to become a DEFERRED MEMBER and preserve his/her benefit in the FUND;

(ii) other than a person referred to in (i);

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- who has subsequently left the service of the EMPLOYER or LOCAL AUTHORITY and elected to become a DEFERRED MEMBER or a DEFERRED RETIREE and preserve his benefit in the FUND; or
- who failed to make an election in this regard and whose benefit is consequently being preserved in the FUND and to whom payment of this benefit in terms of the RULES has not yet been made,

and who will remain a member of the FUND for as long as he remains entitled to a benefit in terms of these RULES.

MEMBER'S SHARE : The total amount held by the FUND on behalf of each MEMBER , DEFERRED RETIREE and or DEFERRED MEMBER, as described in RULE 5, and payable to the MEMBER , DEFERRED RETIREE or DEFERRED MEMBER or his DEPENDANTS or NOMINEES in terms of the RULES of the FUND.

MEMBER'S TRANSFER CREDIT : The amount, if any, that was transferred from the OLD FUND to be applied to the MEMBER'S SHARE at the TRANSFER DATE.

NFMW NEGOTIATED PENSION: means the pension purchased from an INSURER nominated by the FUND to provide NFMW negotiated pension options to former MEMBERS on such terms and conditions as negotiated between the INSURER and the FUND. The terms negotiated will, in order to provide effective governance of the NFMW NEGOTIATED PENSION, include the authority of the FUND to appoint a different INSURER to provide the NFMW NEGOTIATED PENSION to members and to transfer the assets backing the NFMW NEGOTIATED PENSION from one INSURER to another.

NOMINATED INVESTMENT PORTFOLIO: Such one or more APPROVED INVESTMENT PORTFOLIOS selected by a MEMBER for the investment of his own contributions and contributions made by the LOCAL AUTHORITY on his behalf, or selected by the BOARD OF TRUSTEES for the investment of unclaimed benefits, or for the investment of the assets in the RISK RESERVE



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ACCOUNT and the EXPENSE RESERVE ACCOUNT, or selected by an ANNUITANT in terms of the RULES.

NOMINEE : A person, , or an institution or a trust, excluding a DEPENDANT, which is nominated by a MEMBER in terms of the RULES and the ACT to be considered to receive benefits on his death.

NON-VESTED PORTION: shall mean the amount, if any, by which the MEMBER'S SHARE and if applicable, the ILL-HEALTH BENEFIT referred to RULE 6.2.2, exceeds the VESTED PORTION;

NORMAL RETIREMENT AGE : Age 65 years, provided that in the case of a CATEGORY A-MEMBER the NORMAL RETIREMENT AGE is the age on which the MEMBER would have retired in terms of the rules of the OLD FUND.

NORMAL RETIREMENT DATE : The last day of the month in which the MEMBER attains NORMAL RETIREMENT AGE.

OLD FUND : A retirement fund in which the MEMBER participated immediately prior to the TRANSFER DATE.

OLD FUND MEMBER : A MEMBER who was a member of the OLD FUND immediately prior to the TRANSFER DATE, and who remained a MEMBER of the FUND uninterruptedly thereafter.

PENSIONER: means a former MEMBER who is in receipt of a NFMW NEGOTIATED PENSION.

PENSION ACCOUNT: An account into which a CATEGORY E-MEMBERS' transfer value from his former pension fund is transferred.

POLICY OF INSURANCE: any policy issued to the FUND by an INSURER;

PRINCIPAL OFFICER : The PRINCIPAL OFFICER of the FUND appointed by the BOARD OF TRUSTEES in terms of these RULES and the ACT.

REMUNERATION : The basic salary or wages a MEMBER receives from the LOCAL AUTHORITY, together with any amount on which the FUND and the



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LOCAL AUTHORITY agree which represents the value of other forms of remuneration which the MEMBER receives from the LOCAL AUTHORITY.

REPRESENTATIVE EMPLOYERS' ORGANISATION: One or more registered employers' organisations acting jointly, whose members employ at least 30% of the employees in a sector and area.

RETIREMENT BENEFITS COUNSELLING: has the meaning assigned to it in the ACT.

RETIREMENT FROM THE FUND: shall mean in relation to a MEMBER retiring from service in terms of Rule 6:

- (a) prior to 1 March 2015, the date on which a benefit became due and payable from the FUND to such MEMBER; or
- (b) on or after 1 March 2015, the date on which such MEMBER elects to receive payment of his benefit in terms of paragraph 4 of the Second Schedule to the Income Tax Act, 1962 or, if later, the date on which the FUND receives notification of such election.

RISK BENEFITS : The DEATH RISK BENEFIT, ILL-HEALTH RISK BENEFIT and FUNERAL BENEFIT the contributing MEMBERS are entitled to as provided for in Rules 6.2.2 and 7.1.2 of these RULES which will either be insured by the BOARD with an INSURER or be self-insured by the FUND or a combination of both insured by the BOARD with and INSURER and self-insured by the FUND, as specified in the RISK BENEFITS SCHEDULE attached to these RULES;

RISK BENEFITS SCHEDULE : The schedule attached to these RULES reflecting the RISK BENEFITS contributing MEMBERS can be entitled to as provided for in these RULES;

RULES : The rules of the FUND contained herein, as amended from time to time.

SERVICE CHARGE : A charge on contributions paid to the FUND as determined by the BOARD OF TRUSTEES from time to time, for the cost of benefit administration of the FUND.



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SPOUSE : A person who is the permanent life partner or spouse or civil union partner of a MEMBER, as defined in the ACT.

TRANSFER DATE : The actual date on which an OLD FUND MEMBER became a MEMBER of the FUND.

TRUSTEES: The representatives constituting the BOARD OF TRUSTEES established in terms of these RULES.

VESTED PORTION : shall mean:

(a) in the case of a MEMBER who on 1 March 2021 was a MEMBER of the FUND and was 55 years of age or older on such date, and remained a MEMBER of the FUND until his retirement from the FUND, the MEMBER'S MEMBER SHARE and, if applicable, the ILL-HEALTH RISK BENEFIT referred to Rule 6.2.2;

or

(b) in the case of a MEMBER who on 1 March 2021 was a MEMBER of the FUND, other than a MEMBER referred to in (a) above, the accumulated value of:

(i) the MEMBER'S MEMBER SHARE as at 1 March 2021; and

(ii) that part of any amount transferred to the FUND after 1 March 2021 from another APPROVED FUND of which such MEMBER was a member that is not subject to annuitisation;

or

(c) in the case of a MEMBER who became a MEMBER of the FUND after 1 March 2021, that part of any amount transferred to the FUND after 1 March 2021 from another APPROVED FUND of which such MEMBER was a member that is not subject to annuitisation.

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PART 3.

MEMBERSHIP

3.1 Eligibility

- 3.1.1 Any LOCAL AUTHORITY may participate in the FUND, subject to the approval of the BOARD OF TRUSTEES on receipt of a written application.
- 3.1.2 ELIGIBLE EMPLOYEES who are members of the FUND at the EFFECTIVE DATE shall automatically remain MEMBERS of the FUND on that date.
- 3.1.3 Thereafter, all ELIGIBLE EMPLOYEES may join the FUND from the date specified in RULE 3.2, provided they are under the NORMAL RETIREMENT AGE as at that date.

3.2 Participation

- 3.2.1 Membership as a CATEGORY A-MEMBER is compulsory for every ELIGIBLE EMPLOYEE of a participating LOCAL AUTHORITY.
- 3.2.2 An ELIGIBLE EMPLOYEE of a LOCAL AUTHORITY that participated in the FUND prior to 01 June 1997, who had entered the service of that LOCAL AUTHORITY prior to that date and who remained in the service of the LOCAL AUTHORITY uninterrupted thereafter, but who was not a MEMBER of the FUND at that date, was given a once-off option to become a MEMBER of the FUND within twelve months from 01 June 1997.
- 3.2.3 Every new employee who enters the service of a LOCAL AUTHORITY on or after 01 June 1997 must become a CATEGORY A-MEMBER and a CATEGORY C-MEMBER as from

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the date on which he first qualifies for membership, unless he becomes a member of one of the other retirement arrangements in which the LOCAL AUTHORITY participates. The once-off choice must be exercised within three months from the date of his appointment with the LOCAL AUTHORITY.

3.2.4 A MEMBER shall not be permitted to withdraw from membership while he remains in service of a participating LOCAL AUTHORITY and is an ELIGIBLE EMPLOYEE, except where the MEMBER transfers to another ACCREDITED FUND in which his EMPLOYER participates. A MEMBER shall not be permitted to transfer membership from the FUND to another ACCREDITED FUND without settling outstanding housing loan(s), as provided for under RULE 9.4.1.

3.2.5 A MEMBER who has left the service of his EMPLOYER for any reason and has received all the benefits which may be due to him in terms of these RULES shall immediately cease to be a MEMBER.

3.3 Special provisions in respect of COUNCILLORS

3.3.1 Subject to the provisions of the preceding RULES, a COUNCILLOR may become a MEMBER of the FUND as from the first day of the month coinciding with or the next month following his becoming eligible to do so based on the provisions contained in his term of office arrangement.

3.3.2 All the provisions of the RULES shall apply mutatis mutandis to any COUNCILLOR, unless in conflict with this RULE and specifically excluded in the RULES.

3.3.3 The provisions applicable in RULE 8.4 in respect of redundancy or retrenchment shall not apply to a COUNCILLOR unless specifically provided for in his term of office arrangement.

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3.4 Termination of membership of a COUNCILLOR

3.4.1 Apart from the existing provisions contained in these RULES and subject to legislation, a COUNCILLOR may terminate his membership of the FUND on the happening of specific events:

- (i) His term of office as a COUNCILLOR comes to an end in any manner;
- (ii) A change in status from full-time COUNCILLOR to part-time COUNCILLOR;
- (iii) The COUNCILLOR ceases contributions due to a restructuring of his remuneration package.

3.4.2 In the event of a COUNCILLOR ceasing contributions and electing to terminate his membership of the FUND in terms of this RULE, the MEMBER's SHARE shall be preserved in terms of RULE 8.1.

The COUNCILLOR may elect that his/her MEMBER's SHARE be paid to him.

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PART 4.

CONTRIBUTIONS

4.1 MEMBER Contributions

4.1.1 MEMBERS, other than CATEGORY A-MEMBERS and CATEGORY B-MEMBERS shall make monthly contributions to the FUND equal to a percentage of their REMUNERATION as agreed between the LOCAL AUTHORITY and the MEMBER, as set out in the CONTRIBUTION SCHEDULE.

Notwithstanding any provision to the contrary contained in the agreement, the monthly contributions must at least equal the monthly contributions made by the MEMBER to the OLD FUND immediately prior to the date on which he became a MEMBER of the FUND, subject to an absolute minimum contribution of 5% of his REMUNERATION per month.

CATEGORY C-MEMBERS, appointed after 1 July 2012, who are not part of the CONTRIBUTION SCHEDULE shall make monthly contributions to the FUND equal to 7.5% of their REMUNERATION.

4.1.2 CATEGORY A-MEMBERS shall make monthly contributions to the FUND equal to at least 2% of their REMUNERATION, as set out in the CONTRIBUTION SCHEDULE.

CATEGORY A-MEMBERS, appointed after 1 July 2012, who are not part of CONTRIBUTION SCHEDULE shall make monthly contributions to the FUND equal to 2% of their REMUNERATION.

For those CATEGORY A-MEMBERS whose contributions paid by the EMPLOYER as provided for in RULE 4.2 are not sufficient to make provision for the cost of the RISK BENEFITS provided for in



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the RULES the following deduction will be made from the MEMBER contributions paid to the FUND:

(i) An allocation, expressed as a percentage of the MEMBER'S REMUNERATION and determined by the ACTUARY, towards the funding of any RISK BENEFITS. The amount so deducted will be paid to the risk reserve account.

4.1.3 CATEGORY B-MEMBERS shall make monthly contributions to the FUND equal to the contributions described in RULE 4.1.1 together with an additional amount equal to at least 2% of their REMUNERATION.

4.1.4 If a MEMBER'S membership commences on or after the 15th of a month, no contributions will be payable for that month, and payment of contributions will commence the following month.

4.1.5 For those MEMBERS, who can include COUNCILLORS, who are cost to company appointed employees, for whom the EMPLOYER does not contribute to the FUND, or the EMPLOYEE and EMPLOYER contribution are reflected as one deduction from the EMPLOYEE'S salary, in accordance with their employment contract, as provided for in RULE 4.2 the following deductions will be made from the contributions paid to the FUND:

(i) A pro-rata amount, expressed as a percentage of the MEMBER'S REMUNERATION and determined by the ACTUARY, as is necessary to cover the SERVICE CHARGE, any other costs and employment related expenditure incurred by the FUND in respect of each MEMBER (inclusive of value added tax), will be deducted. The amount so deducted will be paid to the expense reserve account.



- (iA) An allocation, expressed as a percentage of the MEMBER'S REMUNERATION and determined by the ACTUARY, towards the funding of any RISK BENEFITS secured for the MEMBER. The amount so deducted will be paid to the risk reserve account;
- (ii) The balance remaining after any deductions in terms of RULE 4.1.5(i) and RULE 4.1.5(iA) will be the MEMBER'S net retirement funding contributions and will be applied towards providing the MEMBER'S retirement benefits.

4.2 Contributions by the LOCAL AUTHORITY

- 4.2.1 The LOCAL AUTHORITY shall make a monthly contribution in respect of each MEMBER, other than a CATEGORY A-MEMBER and a CATEGORY B-MEMBER, equal to the percentage as described in the agreement between the LOCAL AUTHORITY and the FUND

With effect from 1 July 2012, all LOCAL AUTHORITY contribution for new employees appointed by the LOCAL AUTHORITY on or after 1 July 2012, who are CATEGORY C-MEMBERS, will be 18% of the MEMBER'S REMUNERATION, whether the LOCAL AUTHORITY is in the CONTRIBUTIONS SCHEDULE or not.

Notwithstanding any provision to the contrary contained in the agreement, the monthly contributions must be at least equal to the monthly contributions made by the LOCAL AUTHORITY to the OLD FUND in respect of such an employee immediately prior to the date on which he became a MEMBER of the FUND, subject to an absolute minimum contribution of 5% of his REMUNERATION per month.



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4.2.2 In the case of a CATEGORY A-MEMBER the LOCAL AUTHORITY shall make a monthly contribution to the FUND equal to at least 2% of the MEMBER'S REMUNERATION.

4.2.3 In the case of a CATEGORY B-MEMBER the LOCAL AUTHORITY shall make a monthly contribution equal to the contributions described in RULE 4.2.1, together with an additional monthly contribution equal to at least 2% of the MEMBER'S REMUNERATION.

4.2.4 If a MEMBER'S membership commences on or after the 15th of a month, no contributions will be payable for that month, and payment of contributions will commence the following month.

4.2.5 Contributions by the LOCAL AUTHORITY in terms of this RULE shall be applied in the following manner:

(i) A pro-rata amount, expressed as a percentage of the MEMBER'S REMUNERATION and determined by the ACTUARY, as is necessary to cover the SERVICE CHARGE, any other costs and employment related expenditure incurred by the FUND in respect of each MEMBER (inclusive of value added tax), will be deducted. The amount so deducted will be paid to the expense reserve account.

(iA) An allocation, expressed as a percentage of the MEMBER'S REMUNERATION and determined by the ACTUARY, towards the funding of any RISK BENEFITS secured for the MEMBER in terms of the RULES. The amount so deducted will be paid to the risk reserve account;

(ii) The balance remaining after any deductions in terms of RULE 4.2.5(i) and RULE 4.2.5(iA) will be the LOCAL AUTHORITY'S net retirement funding contributions and will be applied towards providing the MEMBER'S retirement benefits.

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4.3 Payment of Contributions

MEMBER contributions will be deducted by the LOCAL AUTHORITY from the MEMBER'S pay at the end of each month. The first deduction will be made from the MEMBER'S pay at the end of the first month during which the MEMBER commenced contributing. These contributions, together with the LOCAL AUTHORITY contributions in terms of RULE 4.2. will be paid by the LOCAL AUTHORITY into the FUND'S bank account within a period of seven days from the end of the calendar month to which such contributions relate. The FUND will immediately notify the AUTHORITY should payment not be made within a period of two months following the expiry of the seven-day period.

4.4 Late payment of Contributions

If the LOCAL AUTHORITY does not make payment of the contributions within the period specified in RULE 4.3, the LOCAL AUTHORITY shall pay interest on such contributions at a rate equal to the rate prescribed in the ACT from time to time.

Interest paid to the FUND by the LOCAL AUTHORITY in these circumstances shall be applied by the ADMINISTRATOR in accordance with the protocol determined by the BOARD OF TRUSTEES in this regard from time to time.

4.5 Changes in Contribution Rates

Any change in the contribution rates of the LOCAL AUTHORITY and the MEMBERS may only occur by means of collective bargaining.

4.6 Additional Voluntary Contributions

MEMBERS may make additional voluntary contributions that will form part of their MEMBER'S SHARE in the FUND.



A LOCAL AUTHORITY may make additional contributions in respect of a MEMBER. The additional voluntary contribution made by the LOCAL AUTHORITY will form part of the MEMBER'S MEMBER SHARE in the FUND.

4.7 Suspension of payment of contributions by EMPLOYER

4.7.1 The BOARD OF TRUSTEES has the discretion, after receiving an application by an EMPLOYER to either postpone the payment or partially suspend or completely suspend the payment of monthly contributions for and on behalf of the affected MEMBERS who are employees of the EMPLOYER for a specific period as agreed between the FUND and the EMPLOYER, provided that such period shall not exceed 6 months and may be extended for a period of 12 months.

4.7.2. The BOARD OF TRUSTEES has the discretion to accept or decline the application by the EMPLOYER after considering the reasons provided by the EMPLOYER. The BOARD OF TRUSTEES has the discretion to determine the conditions which the application by the EMPLOYER should comply with.

4.7.3 The EMPLOYER should continue with the payment of premiums for any RISK BENEFITS secured for the affected MEMBERS as provided for in these RULES.

If the payment of premiums for any RISK BENEFITS secured for the affected MEMBERS as provided for in these RULES are not paid by the EMPLOYER, the RISK BENEFITS the affected MEMBER would have been entitled to will cease from the date as provided for in the protocol adopted by the BOARD or the POLICY OF INSURANCE issued by the INSURER.



4.7.4 The EMPLOYER should continue to pay a pro-rata amount to cover the cost of administering the FUND, together with any other costs incurred by the FUND in respect of each MEMBER (inclusive of Value Added Tax).

If the EMPLOYER is not able to pay for the administration cost, the administration cost will be deducted from the affected MEMBER'S MEMBER SHARE in the FUND, for the period that the payment of contributions is suspended.



PART 5.

MEMBER'S SHARE

- 5.1 Each MEMBER'S SHARE shall consist of:
- 5.1.1 The MEMBER'S TRANSFER CREDIT at the TRANSFER DATE (if any);
plus
 - 5.1.2 The MEMBER'S PENSIONER ACCOUNT at the TRANSFER DATE (if any); plus
 - 5.1.3 The net retirement funding contributions made by the MEMBER to the FUND in terms of RULE 4.1; plus
 - 5.1.4 the net retirement funding contributions made by the EMPLOYER to the FUND on behalf of that MEMBER thereafter, in terms of RULE 4.2.5.(ii); plus
 - 5.1.5 additional voluntary contributions in terms of RULE 4.6; plus
 - 5.1.5A amounts transferred from the reserved accounts for the FUND as decided by the BOARD OF TRUSTEES, on the advice of the ACTUARY, taking into account cost and practicality, plus;
 - 5.1.6 FUND INTEREST thereon as determined by the BOARD OF TRUSTEES;
less
 - 5.1.7 any amount determined in terms of RULE 7.4; less
 - 5.1.8 any amount assigned from the MEMBER'S SHARE to the MEMBER'S SPOUSE, or any other person, in terms of RULE 9.5, if applicable; less
 - 5.1.9 any amount deductible from the MEMBER'S SHARE as allowed in terms of the ACT; less
 - 5.1.10 any administrative costs not provided for elsewhere in these RULES, as decided by the BOARD OF TRUSTEES.



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5.2 Notwithstanding the provisions of RULE 5.1 no investments or assets belonging to the FUND shall vest in the name of an individual MEMBER or body of MEMBERS, and all the assets belonging to the FUND shall be registered in the name of the FUND or nominee company approved by the BOARD OF TRUSTEES.

5.3 Living Annuity Account

5.3.1 An account shall be established for each ANNUITANT that elects a LIVING ANNUITY from the FUND in terms of RULE 6.5. The following transactions in terms of RULE 6.5 shall be recorded in such a LIVING ANNUITY account:

5.3.1.1 Credits

- (i) The amount transferred into the LIVING ANNUITY account when the LIVING ANNUITY is first established for the ANNUITANT;
- (ii) FUND INTEREST in respect of the investment portfolios chosen by the ANNUITANT.

5.3.1.2 Debits

- (i) The monthly pension paid to the ANNUITANT;
- (ii) LIVING ANNUITY expenses, taxation and other statutory charges;
- (iii) Benefits payable in terms of RULE 6.5.6;
- (iv) Transfer in terms of RULE 6.5.7 and 6.5.8.



PART 6.

RETIREMENT BENEFITS

6.1 Retirement Date

A pension shall become payable to a MEMBER on:

6.1.1 Retirement at the NORMAL RETIREMENT DATE;

6.1.2 Retirement before the NORMAL RETIREMENT DATE (early retirement);

Notwithstanding the provisions of subsection 6.1.1, a MEMBER who has attained an age of fifty-five years, shall have the right to retire except in the case of ill-health when retirement can take place at any time, provided the LOCAL AUTHORITY is satisfied that the MEMBER has become incapable of efficiently continuing his duties;

6.1.3 Retirement after NORMAL RETIREMENT DATE (late retirement);

If the MEMBER so wishes and the LOCAL AUTHORITY is agreeable, the MEMBER may retire on the last day of any month after his NORMAL RETIREMENT DATE. Contributions shall continue to be payable in respect of the MEMBER during continuous service beyond the NORMAL RETIREMENT DATE.

6.1.4 RETIREMENT FROM THE FUND;

6.2 Amount of Retirement Benefit

6.2.1 MEMBER SHARE

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The amount of retirement benefit payable in respect of any MEMBER who retires shall be equal to the pension that can be purchased by the balance of the MEMBER'S SHARE, determined at the date of retirement.

6.2.2 ILL-HEALTH RISK BENEFIT

A MEMBER who retires from the FUND as a result of ILL-HEALTH will be entitled to an ILL-HEALTH RISK BENEFIT as provided for in the RISK BENEFITS SCHEDULE, subject to the conditions as provided for in the POLICY OF INSURANCE and or the protocol adopted by the BOARD.

The BOARD has the option to either insure the ILL HEALTH RISK BENEFIT as provided for in the RISK BENEFITS SCHEDULE with an INSURER, or to self-insure the ILL-HEALTH RISK BENEFIT or a combination thereof.

If the ILL-HEALTH RISK BENEFIT is insured by an INSURER, the MEMBER will be entitled to receive the ILL-HEALTH RISK BENEFIT as provided for in the RISK BENEFITS SCHEDULE, if the claim complies with all the requirements of the POLICY OF INSURANCE issued by an INSURER.

If the ILL-HEALTH RISK BENEFIT is not insured or is not fully insured by an INSURER, the MEMBER will then be entitled to receive an ILL-HEALTH RISK BENEFIT, as provided for in the RISK BENEFITS SCHEDULE, if all the conditions as set out in the protocol adopted by the by the BOARD has been complied with.

If the MEMBER in receipt of an ILL-HEALTH retirement benefit that includes a monthly payment from either the FUND or the INSURER dies within a period of five years from date of ILL-HEALTH retirement and a lump sum is payable by either the FUND or the INSURER in respect of such MEMBER, such lump sum will be payable to the MEMBER'S DEPENDANTS as provided for in the ACT.

6.3 Commutation Option



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6.3.1 On retirement a CATEGORY E-MEMBER may commute up to a maximum of one third of the PENSION ACCOUNT portion of his MEMBER SHARE, the balance two thirds of the PENSION ACCOUNT must be used to purchase a pension.

6.3.2 In respect of all other MEMBER'S, on retirement, prior to the purchase of a pension in terms of RULE 6.4, a MEMBER may elect to commute for a lump sum:

(a) all or part of his VESTED PORTION, if applicable;

plus

(b) (i) if the NON-VESTED PORTION does not exceed the limit set by the relevant legislation from time to time, all or part of the NON-VESTED PORTION; or

(ii) if the NON-VESTED PORTION exceeds the limit referred to in (i) above, not more than one-third of the NON-VESTED PORTION.

6.4 Purchase of Pensions

6.4.1 A MEMBER who elects to use their MEMBER'S SHARE or part thereof for a pension will have the following options:

6.4.1.1 the MEMBER will have the option to receive a LIVING ANNUITY from the FUND.

6.4.1.2. the MEMBER will have the option to purchase a NFMW NEGOTIATED PENSION from the INSURER approved by the BOARD OF TRUSTEES.

6.4.1.3 the MEMBER will have the option to purchase a life annuity from any registered INSURER of the MEMBER'S choice.

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6.4.1.4 the MEMBER will have the option to purchase a living annuity from any registered INSURER of the MEMBER'S choice.

6.4.2 The NFMW NEGOTIATED PENSION and the life annuity shall be purchased in the MEMBER'S name and shall be in full and final settlement of the benefits payable in terms of these RULES.

6.4.3 Any annuity so purchased shall be a compulsory, non-commutable, non-assignable annuity underwritten by the selected INSURER and payable for the lifetime of the MEMBER. The amount of the annuity will be determined by the rates available from the selected INSURER at the time and the type of annuity selected by the MEMBER or other beneficiary, as the case may be. The annuity may make allowance for increases and for the MEMBER'S SPOUSE and/or other dependants in the manner determined by the MEMBER, in accordance with the practice adopted by the BOARD OF TRUSTEES from time to time.

6.4.4 The purchase of any annuity and the transfer of liability in respect thereof, are subject to such conditions and requirements as the AUTHORITY and the COMMISSIONER shall require from time to time. Once liability for the payment of the pension has been transferred to the INSURER, the provisions of these RULES and the ACT shall cease to apply, with the exception of those provisions relating to the governance of the NFMW NEGOTIATED PENSION by the BOARD OF TRUSTEES.

6.4.5 In the event of the death of the MEMBER thereafter, any benefits payable shall be in terms of the annuity policy or policies issued to the MEMBER by the INSURER.

6.5 Living Annuity

6.5.1 Where the MEMBER chooses a LIVING ANNUITY payable from the FUND, they must obtain information provided by the FUND at the time they make this choice. The effective date of the LIVING ANNUITY is the



date on which payment of a LIVING ANNUITY to an ANNUITANT commences.

- 6.5.2 In addition, where a MEMBER chooses a LIVING ANNUITY from the FUND, they must sign a declaration specifying that they have received retirement information from the FUND, understand the financial and mortality risks attached to a LIVING ANNUITY and that they and their SPOUSE and DEPENDANT(s) have no claim on the FUND, other than the outstanding LIVING ANNUITY sub-account balance in the FUND relating to that MEMBER.
- 6.5.3 The LIVING ANNUITY payable from the FUND is subject to such limitations on payment, the annual review of the draw down percentage and any other conditions as may be stipulated by legislation or the BOARD OF TRUSTEES from time to time. In particular, the BOARD OF TRUSTEES may stipulate a maximum drawn down percentage, if in their opinion and on the advice of the ACTUARY, this is necessary to better enable the LIVING ANNUITY capital to last for the rest of the ANNUITANT's expected life.
- 6.5.4 A living annuity sub-account of the living annuity account must be opened for the Member who chooses a LIVING ANNUITY from the Fund. The opening credit to this account is the full value of the MEMBERS SHARE as at retirement less any amount which may in terms of the Rules be deducted at that time as well as any amount commuted and paid to the MEMBER as a lump sum.
- 6.5.5 The living annuity sub-account of an ANNUITANT must have allocated to it FUND INTEREST achieved by the NOMINATED INVESTMENT PORTFOLIOS chosen by the ANNUITANT from time to time. This choice is exercised by Members in accordance with RULE 10.3. The LIVING ANNUITY paid to the ANNUITANT in terms of RULE 6.5.3 must be deducted from the living annuity sub-account of the ANNUITANT. Any taxation and other statutory charges relating to that LIVING ANNUITY, the FUND, or the assets backing the amount to the credit of that living annuity sub account, as well as such expenses as the BOARD OF

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TRUSTEES may decide relating to that ANNUITANT or this sub-account, must be deducted, from this sub-account.

- 6.5.6 If the ANNUITANT dies, the balance in the living annuity sub-account, after any deductions in terms of the RULES and legislation, may be distributed at the discretion of and by the BOARD OF TRUSTEES if the ANNUITANT has not nominated any NOMINEES. An ANNUITANT may nominate in writing to the BOARD OF TRUSTEES one or more NOMINEES to receive the benefits payable from the FUND in the event of his death, or such portion thereof as he may specify in writing to the BOARD OF TRUSTEES. A nomination hereunder shall not vest any right in the NOMINEE during the lifetime of the ANNUITANT, who may change the nomination at any time in writing to the BOARD OF TRUSTEES, and any nomination shall automatically lapse in the event that the NOMINEE predeceases the ANNUITANT, or a new nomination is lodged by the ANNUITANT with the BOARD OF TRUSTEES.

The BOARD OF TRUSTEES will have the discretion that any death benefit allocated to the SPOUSE and/or NOMINEES of the ANNUITANT upon the death of the ANNUITANT, in terms of this RULE is payable by purchasing a LIVING ANNUITY from the FUND for the benefit of the SPOUSE, purchase a life annuity or a living annuity from any registered INSURER for the benefit of the SPOUSE and/or NOMINEES or pay as lumpsum to the SPOUSE and/or NOMINEES.

- 6.5.7 Subject to 1 (one) calendar month's notice, an ANNUITANT may at any time instruct the FUND to apply the living annuity sub-account balance to purchase from an INSURER a life annuity or a living annuity, in the name of that ANNUITANT. Such a life annuity or living annuity must be purchased subject to compliance with Rule 6.4, and after such purchase the FUND will cease to have any liability towards the former ANNUITANT or any of their DEPENDANTS.



6.5.8 If the living annuity sub account balance falls below what the ACTUARY calculates is the capital value of the annuity for the ANNUITANT concerned equal to the current State Old Age Pension, then the ANNUITANT concerned must use the living annuity subaccount balance to purchase a life annuity from an INSURER. Such life annuity must be purchased subject to compliance with Rule 6.4, and after such purchase the Fund has no liability to the ANNUITANT or any of their Dependants.

6.6 Provisions Applicable to a DEFERRED RETIREE

The following special provisions shall apply to a MEMBER who has retired in terms of Rule 6.1 and has elected to become a DEFERRED RETIREE:

(a) after the date on which the DEFERRED RETIREE retires from service with the EMPLOYER in terms of Rule 6.1:

(i) contributions by and in respect of the DEFERRED RETIREE in terms of Rule 4 shall cease; and

(ii) all RISK BENEFITS as provided for in the RULES will cease from the date the MEMBER becomes a DEFERRED RETIREE and the DEFERRED RETIREE will have no claim against the FUND or INSURER for any such RISK BENEFITS;

;

(b) the DEFERRED RETIREE'S MEMBER'S SHARE shall be retained in the FUND, shall be debited with such reasonable expenses as the TRUSTEES may determine and increased or decreased by the FUND INTEREST until the calculation date and shall become payable to the DEFERRED RETIREE in terms of Rule 6 upon RETIREMENT FROM THE FUND;

(c) if the DEFERRED RETIREE dies before RETIREMENT FROM THE FUND, the DEFERRED RETIREE'S MEMBER'S SHARE shall be paid in accordance with provisions of section 37C of the ACT.



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(d) if the DEFERRED RETIREE so elects before RETIREMENT FROM THE FUND, the benefit referred to in (b) above shall be transferred to an APPROVED RETIREMENT ANNUITY FUND in terms of rule 6.7. Thereafter the FUND shall have no further obligation towards the DEFERRED MEMBER.

(e) the DEFERRED RETIREE will remain invested in terms of RULE 10.3.4. If this was applicable to him immediately prior to his benefit became deferred or will remain invested in the investment portfolio that applied to him immediately before his benefit became deferred if his benefit was invested in terms of RULE 10.3.2 immediately prior to his benefit became deferred. Provided that the DEFERRED RETIREE may change that investment portfolio as contemplated in the RULES.

6.7 Transfer to an APPROVED RETIREMENT ANNUITY FUND

Notwithstanding any other provisions of the RULES, a MEMBER who has retired from service in terms of Rule 6.1 may at any time prior to RETIREMENT FROM THE FUND, elect to transfer such person's MEMBER'S SHARE to an APPROVED RETIREMENT ANNUITY FUND.



6.8 Annuity strategy

The BOARD OF TRUSTEES shall develop and implement an ANNUITY STRATEGY in accordance with the provisions of legislation. From time to time but at least annually, the BOARD OF TRUSTEES shall review the ANNUITY STRATEGY to ensure that it remains appropriate for MEMBERS.

6.9 Retirement Benefit Counselling

A MEMBER must be given access to RETIREMENT BENEFITS COUNSELLING with regard to the terms of the FUND's annuity strategy at least three months prior to his/her NORMAL RETIREMENT AGE, or such other period as prescribed by the AUTHORITY from time to time.

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PART 7.

DEATH BENEFITS

7.1 Amount of Benefit

When a MEMBER dies he will be entitled to the following death benefit, depending on his specific circumstances and membership of the FUND.

7.1.1 Benefit relating to contributions made for retirement benefits

If a MEMBER dies whilst in the service of the LOCAL AUTHORITY either before or after the NORMAL RETIREMENT DATE, the MEMBER'S SHARE at the date of death, or at the date on which the amount of the benefit is calculated, if later, will become payable in cash.

The death benefits payable or to be applied in respect of a MEMBER in terms of this Part may be reduced by the amount of any reasonable costs undertaken by the FUND in identifying and tracing DEPENDANTS and/or NOMINEES of the MEMBER.

7.1.2 DEATH RISK BENEFIT and FUNERAL BENEFIT

On the death of a contributing MEMBER, whilst in the service of the LOCAL AUTHORITY, but prior to his NORMAL RETIREMENT DATE, a DEATH RISK BENEFIT can become payable by the FUND, subject to the conditions as set in this RULE. These conditions include the conditions imposed by the INSURER concerned and or the conditions as set out in the protocol adopted by the BOARD.

The amount of the DEATH RISK BENEFIT is dependent upon the category of DEATH RISK BENEFIT elected by the MEMBER as set out in the RISK BENEFITS SCHEDULE, which benefit will be payable in accordance with Section 37C of the ACT.



The BOARD has the option to either insure the DEATH RISK BENEFIT as provided for in the RISK BENEFITS SCHEDULE with an INSURER, or to self-insure the DEATH RISK BENEFIT or a combination thereof.

If the DEATH RISK BENEFIT is insured by an INSURER, the amount of the DEATH RISK BENEFIT is dependent upon the category of benefits selected by the MEMBER, as set out in the RISK BENEFITS SCHEDULE and the conditions as prescribed in the POLICY OF INSURANCE issued by an INSURER.

If the DEATH RISK BENEFIT is not insured or is not fully insured by an INSURER, the amount of the DEATH RISK BENEFIT payable will be subject to the conditions in the RISK BENEFITS SCHEDULE, as well as the conditions as set out in the protocol adopted by the BOARD.

A FUNERAL BENEFIT as provided for in the RISK BENEFITS SCHEDULE will become payable by either the FUND, where the FUNERAL BENEFIT is self-insured and approved by the BOARD or by the INSURER where the FUNERAL BENEFIT is approved by the INSURER.

7.2 Payment of Death Benefits

- 7.2.1 Each MEMBER may provide the BOARD OF TRUSTEES with details of all of his DEPENDANTS as defined in these RULES, and any other persons in respect of whom the MEMBER is liable for maintenance. A MEMBER may also nominate in writing to the BOARD OF TRUSTEES one or more NOMINEES to receive the benefits payable from the FUND in the event of his death, or such portion thereof as he may specify in writing to the BOARD OF TRUSTEES. A nomination hereunder shall not vest any right in the NOMINEE during the lifetime of the MEMBER, who may change the nomination at any time in writing to the BOARD OF TRUSTEES, and any nomination shall automatically lapse in the event that the NOMINEE predeceases the member, or a new nomination is lodged by the MEMBER with the BOARD OF TRUSTEES.



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- 7.2.2 The death benefits will be payable in terms of section 37C of the ACT to such one or more of the MEMBER'S DEPENDANTS or to a guardian or trustee for the benefit of such DEPENDANTS and in such proportions as the BOARD OF TRUSTEES deems equitable, taking any nomination made by the MEMBER in accordance with RULE 7.2.1 into account.
- 7.2.3 If, however, within a period of twelve months following after the date of the MEMBER'S death, the BOARD OF TRUSTEES does not become aware of or cannot trace any DEPENDANT, and the MEMBER has nominated in writing to the BOARD OF TRUSTEES one or more NOMINEES who are not DEPENDANTS, the benefit, or such portion thereof as the MEMBER specified in writing to the BOARD OF TRUSTEES, shall be paid to one or more of such NOMINEES, provided that if the aggregate amount of debts in the MEMBER'S estate exceeds the aggregate amount of assets in his estate, so much of such death benefit as is equal to the difference between such amount of debts and such amount of assets shall be paid into the MEMBER'S estate and the balance (if any) to one or more of the NOMINEES as the BOARD OF TRUSTEES deems equitable, taking account of the MEMBER'S nomination.
- 7.2.4 If the MEMBER has a DEPENDANT and the MEMBER has also designated in writing a NOMINEE to receive the benefit or such portion of the benefit as is specified by the MEMBER in writing to the BOARD OF TRUSTEES, the benefit or such portion thereof shall, within twelve months of the death of the MEMBER, be paid to such DEPENDANT or NOMINEE in such proportions as the BOARD OF TRUSTEES may deem equitable, taking account of the MEMBER'S nomination.
- 7.2.5 If the BOARD OF TRUSTEES 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'S designation of a NOMINEE, for whatever reason, is no longer in force, or if the MEMBER has designated in writing a NOMINEE to receive a



portion of the benefit, the benefit or the remaining portion of the benefit after payment to the designated NOMINEE, shall be paid into the MEMBER'S estate, or if no inventory in respect of the MEMBER has been received by the Master of the Supreme Court, into the Guardian's Fund.

- 7.2.6 Where felt appropriate by the BOARD OF TRUSTEES, in accordance with the provisions of the ACT, any payment made to a beneficiary in terms of RULE 7 may be made for the benefit of such beneficiary to a guardian or a curator or a trustee contemplated in the Trust Property Control Act, 1988, other than an official of the FUND, and such payment shall relieve the FUND of any further liability regarding such beneficiary.
- 7.2.7 The BOARD OF TRUSTEES may at any time, on good cause shown, alter its decision to make a payment to any particular person, and
- 7.2.8 if a person to whom the BOARD OF TRUSTEES has decided a benefit should be paid dies before payment of such benefit has been completed, the BOARD OF TRUSTEES, at its discretion, may pay the benefit into the estate of such beneficiary or to another beneficiary.
- 7.2.9 The BOARD OF TRUSTEES reserves the right to direct that the whole or part of the benefit payable in terms of RULE 7.2 payable to a DEPENDANT or NOMINEE be paid in instalments in which event the provisions of RULE 7.3 shall apply.

7.3 Payment of Death Benefits in Instalments

- 7.3.1 The BOARD OF TRUSTEES may direct that a death benefit payable to a minor DEPENDANT or minor NOMINEE be paid in more than one instalment in such amounts as the BOARD OF TRUSTEES may from time to time consider appropriate and in the best interests of such DEPENDANT or NOMINEE, provided that:



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- (i) interest at a reasonable rate having regard to the fund return earned by the FUND is added to the outstanding balance at such times as the BOARD OF TRUSTEES may determine, and
- (ii) any balance owing to such DEPENDANT or NOMINEE at the date on which he attains majority or dies, whichever occurs first, shall be paid in full.

7.3.2 A death benefit payable to a major DEPENDANT or major NOMINEE may be paid in more than one instalment if the DEPENDANT or NOMINEE has consented thereto in writing, provided that:

- (i) the amount of each payment, intervals between payments, interest to be added and other terms and conditions are set out in the written agreement, and
- (ii) the agreement may be cancelled by either party by giving written notice. In which event the balance due to the DEPENDANT or NOMINEE shall be paid in full within 90 days of such cancellation.

7.4 Costs incurred by the FUND

If any costs are incurred by the BOARD OF TRUSTEES on behalf of the FUND as a consequence of tracing any potential beneficiaries in order to give effect to the provisions of Section 37C of the ACT, or in giving effect to the payment of a benefit in instalments in terms of RULE 7.3, such reasonable costs may, at the discretion of the BOARD OF TRUSTEES, be recovered from the MEMBER'S SHARE, in terms of RULE 5.1, before the amount of the death benefit payable in terms of RULE 7.1 is determined.

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PART 8.

WITHDRAWAL BENEFITS

8.1 Termination of Service

If a MEMBER'S service with the LOCAL AUTHORITY is terminated before the NORMAL RETIREMENT DATE (whether voluntarily by the Member or as a result of dismissal or any other reason), and he is not entitled to retirement benefits from the FUND, he may exercise, in writing and in a prescribed format, one of the following options, subject to Rule 8.2:

Cash Lump Sum benefit:

The MEMBER may choose that a cash lump sum benefit equal to the balance in his MEMBER'S SHARE at the date of leaving service, or at the date on which the amount of the benefit is calculated, if later, be paid to him.

Transfer to another fund:

The MEMBER may choose that an amount be transferred for him to an APPROVED FUND or an ACCREDITED FUND which is able to accept the benefit. The amount of this transfer benefit is equal to the cash lump sum benefit.

Preservation of withdrawal benefit

The MEMBER may choose that any part of his withdrawal benefit be preserved for him in the FUND by electing to become a DEFERRED MEMBER of the FUND.

Combination of options

A MEMBER may choose that a portion of the benefit be paid to him as a lumpsum and the balance be transferred to either an APPROVED FUND or an ACCREDITED FUND or be preserved in the FUND. The MEMBER



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may also choose to transfer a portion of his benefit to either an APPROVED FUND or an ACCREDITED FUND and the balance to be preserved in the FUND.

Retirement Benefit Counselling

Each MEMBER shall have access to RETIREMENT BENEFITS COUNSELLING before the MEMBER SHARE is paid to such MEMBER in cash or transferred to another fund.

8.2 Special limitations on the options

Any option which is chosen in terms of this Part is irrevocable.

If the MEMBER does not choose an option in terms of this Part, the MEMBER will become a DEFERRED MEMBER of the FUND, until an option is made by the DEFERRED MEMBER in terms of RULE 8.5.

8.3 MEMBER Joining another Participating LOCAL AUTHORITY

If a MEMBER who resigns and immediately enters the service of another LOCAL AUTHORITY that participates in the FUND, the MEMBER shall retain his benefit in the FUND and continue with the provisions of RULE 4.1 and the new participating EMPLOYER shall continue with the provisions of RULE 4.2.

8.4 Termination of Service due to Retrenchment or Redundancy

If the service of a MEMBER, other than a CONTRACT WORKER is terminated before NORMAL RETIREMENT DATE due to retrenchment or redundancy, and he is not entitled to retirement benefits from the FUND, the same provisions as described in RULE 8.1 apply, except that in addition to those benefits, the smaller of the following is also payable:

(a) an amount calculated by multiplying the MEMBER'S SHARE with 8% and then multiplying the product with the difference in full years between

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the MEMBER'S NORMAL RETIREMENT AGE and his age on his next birthday; and

(b) the MEMBER'S SHARE,

provided that this additional amount must be paid to the FUND by the LOCAL AUTHORITY concerned before payment can be made to the MEMBER.

The provisions of this RULE shall not apply to employees appointed after 1 July 2006 by the City of Cape Town, who become MEMBERS of the FUND.

8.5 DEFERRED MEMBER

The following provisions shall apply to DEFERRED MEMBERS:

(a) The balance of the DEFERRED MEMBER'S MEMBER SHARE, after

deduction of the portion of his benefit taken as a lump sum and/or

transferred to an APPROVED FUND, the housing loan deduction as contemplated in RULE 9.13, and any other deductions allowed for in legislation, shall be the opening balance of his MEMBER SHARE.

(b) No further CONTRIBUTIONS FOR RETIREMENT will be payable to the FUND by the DEFERRED MEMBER or the EMPLOYER, from the date that the MEMBER becomes a DEFERRED MEMBER.

(c) the DEFERRED MEMBER will remain invested in terms of RULE 10.3.4. If this was applicable to him immediately prior to his benefit became deferred or will remain invested in the investment portfolio that applied to him immediately before his benefit became deferred if his benefit was invested in terms of RULE 10.3.2 immediately prior to his benefit became deferred.

Provided that the DEFERRED MEMBER may change that investment portfolio as contemplated in the RULES;



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The costs and expenses shall be debited against the DEFERRED MEMBER'S MEMBER SHARE.

(d) If such DEFERRED MEMBER dies after his leaving the service but prior to the deferred benefits becoming payable in terms of the RULES, his MEMBER SHARE as at the date of his death shall be paid in accordance with provisions of section 37C of the ACT.

(e) A portion of the cost of the FUND expenses as determined from time to time by the BOARD OF TRUSTEES shall be deducted from the DEFERRED MEMBER'S MEMBER'S SHARE;

(f) All RISK Benefits, as provided for in the RULES, will cease from the date that the MEMBER becomes a DEFERRED MEMBER and the DEFERRED MEMBER will have no further claim against the FUND or INSURER, for any such benefit;

(g) If a MEMBER becomes a DEFERRED MEMBER in terms of these RULES he shall become entitled to receive benefits on attainment of the NORMAL RETIREMENT AGE, a retirement benefit calculated and payable in terms of RULE 6. If the DEFERRED MEMBER does not claim benefits upon attainment of NORMAL RETIREMENT AGE, membership shall continue until RETIREMENT FROM FUND.

(h) Should the DEFERRED MEMBER elect to terminate his membership of the FUND prior to NORMAL RETIREMENT AGE, the DEFERRED MEMBER'S MEMBER'S SHARE calculated as at the date of exit will become payable.

(i) The DEFERRED MEMBER may at any time after he left the service, transfer his MEMBER SHARE to an APPROVED FUND. Thereafter the FUND shall have no further obligation towards the DEFERRED MEMBER.



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PART 9.

GENERAL PROVISIONS

9.1 Temporary Absence

If a MEMBER is absent from service and such absence is authorised by the LOCAL AUTHORITY, the payment of contributions by the MEMBER and the LOCAL AUTHORITY in respect of the MEMBER may continue during the period of absence, based upon the REMUNERATION received by the MEMBER immediately prior to the period of absence, unless the BOARD OF TRUSTEES and the LOCAL AUTHORITY agree to use some other amount.

Alternatively, the MEMBER may, with the consent of the LOCAL AUTHORITY, suspend his contributions to the FUND, in which case the LOCAL AUTHORITY'S contributions to the FUND in respect of the MEMBER shall also be suspended.

9.2 Proof of Age/Identity

Proof of age or identity to the satisfaction of the BOARD OF TRUSTEES is required in respect of the MEMBER and of any other person to whom a benefit may be payable in terms hereof, before the payment of any benefit is to be made, unless the BOARD OF TRUSTEES specifies otherwise.

9.3 Complaints

A Complainant, as defined in the ACT, who has a complaint relating to the administration of the FUND or the investment of the monies of the FUND or the interpretation and application of the RULES is entitled to lodge a written complaint with the PRINCIPAL OFFICER or the BOARD OF TRUSTEES in terms of Section 30A of the ACT.

A complaint so lodged shall be properly considered and replied to in writing by the PRINCIPAL OFFICER or the BOARD OF TRUSTEES within 30 days of receipt of such complaint.



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If the Complainant is not satisfied with the reply received, or if the PRINCIPAL OFFICER or the BOARD OF TRUSTEES fails to reply within 30 days of receipt of the complaint, the Complainant will be entitled to lodge the complaint with the ADJUDICATOR.

9.4 Deductions from Benefits

Any benefit payable in respect of a MEMBER or a DEPENDANT in terms of these RULES on a MEMBER'S retirement or termination of membership for any reason is subject to a deduction of any amount due in respect of:

With effect from 1 July 2010

9.4.1 (i) a loan granted to a MEMBER in terms of section 19(5),

from -

(aa) the amount of the benefit to which the MEMBER or DEFERRED MEMBER, DEFERRED RETIREE or a beneficiary becomes entitled in terms of the rules of the FUND;

(bb) in the case of a transfer of the MEMBER to an ACCREDITED FUND, the amount of the benefit which the FUND is so entitled to transfer, if the BOARD of the FUND is satisfied that it is not otherwise reasonably possible to negotiate the repayment or to transfer the loan or the guarantee; or

(cc) in the case of default on the repayment of any such loan by the MEMBER concerned in circumstances where his or her membership of the FUND is not terminated, the amount of the benefit which the MEMBER would have received on termination of membership on the date of default, if such a deduction is only effected as a last resort after the BOARD of the FUND is satisfied that no other arrangement for the required repayment can be made;

(ii) any amount for which the FUND becomes liable under a guarantee furnished in respect of a MEMBER for a loan granted

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by some other person to the MEMBER in terms of section 19(5),
from -

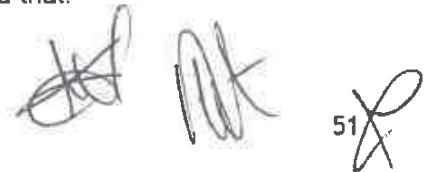
(aa) the amount of the benefit to which the MEMBER or a
beneficiary becomes entitled in terms of the rules of the FUND;

(bb) in the case of a transfer of the MEMBER to another fund,
the amount of the benefit which the FUND is so entitled to
transfer, if the BOARD of the FUND is satisfied that it is not
otherwise reasonably possible to negotiate the repayment or to
transfer the loan or the guarantee; or

(cc) in the case of default on the repayment of any such loan
by the MEMBER concerned in circumstances where his or her
membership of the FUND is not terminated, the amount of the
benefit which the MEMBER would have received on termination of
membership on the date of default, if such a deduction is only
effected as a last resort after the BOARD of the FUND is satisfied
that no other arrangement for the required repayment can be
made;

9.4.2 as compensation (including legal costs recoverable from the
MEMBER) in respect of any loss suffered by the LOCAL
AUTHORITY as a result of any theft, misconduct, fraud or
dishonesty on the MEMBER'S part for which the MEMBER has
admitted liability in writing or in respect of which the LOCAL
AUTHORITY has obtained a Court Order.

Notwithstanding any other provisions of these RULES, the
BOARD OF TRUSTEES may, where the LOCAL AUTHORITY
has instituted legal proceedings in a court of law and/or laid a
criminal charge against the MEMBER concerned for
compensation in respect of damage caused to the LOCAL
AUTHORITY as contemplated in Section 37D of the ACT,
withhold payment of the benefit until such time as the matter has
been finally determined by a competent court of law or has been
settled or formally withdrawn, provided that:



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- (i) the amount withheld shall not exceed the amount that may be deducted in terms of Section 37D(b)(ii) of the ACT;
- (ii) the BOARD OF TRUSTEES in their reasonable discretion are satisfied that the LOCAL AUTHORITY has made out a prima facie case against the MEMBER concerned and there is reason to believe that the LOCAL AUTHORITY has reasonable chance of success in the proceedings that have been instituted;
- (iii) the BOARD OF TRUSTEES are satisfied that the LOCAL AUTHORITY is not at any stage of the proceedings responsible for any undue delay in the prosecution of the proceedings;
- (iv) once the proceedings have been determined, settled or withdrawn, any benefit to which the MEMBER is entitled is paid forthwith; and
- (v) the BOARD OF TRUSTEES, at the express written request of a MEMBER whose benefit is withheld, may, if applicable and practical, permit the value of the MEMBER'S benefit at the time of such request to be isolated, in whatever manner the BOARD OF TRUSTEES believe appropriate, from the possibility of a decrease therein as a result of poor investment performance.

9.4.3 by arrangement with, and on behalf of, a MEMBER or beneficiary the FUND may pay -

- (i) the MEMBER'S or beneficiary's subscription to a registered medical scheme; and / or
- (ii) any insurance premium payable by such a MEMBER or beneficiary to an INSURER; and / or
- (iii) an amount for any purpose approved by the AUTHORITY, on the conditions laid down by him.



The FUND'S right to recover amounts from benefits, is limited to the amount that, in terms of the RULES, may be taken by the MEMBER, DEFERRED RETIREE or DEFERRED MEMBER or beneficiary as a lump sum benefit. In order to make deductions from benefits payable to a MEMBER, the BOARD OF TRUSTEES may commute for a lump sum an amount of any pension becoming payable to the MEMBER, up to the maximum amount which may be commuted in terms of the RULES.

A claim for the amount due in terms of this RULE must be lodged in writing with the BOARD OF TRUSTEES within such reasonable time of the event giving rise to the benefit as the BOARD OF TRUSTEES may from time to time determine for lodging such claims.

9.5 Disposition of Benefits Upon Divorce and/or in Terms of a Court Order

A MEMBER'S benefit in terms of these rules may be reduced by the part of the MEMBER'S pension interest which is due or assigned to the MEMBER'S ex-SPOUSE in terms of a valid order made by the court granting a decree of divorce in respect of the MEMBER. In this event the FUND shall ensure that the provisions of the Divorce Act, 1979, are adhered to, including the following:

- (a) the FUND is ordered to make payment of the MEMBER'S pension interest assigned to the ex-SPOUSE;
- (b) the provisions of these RULES relating to the cession, assignment, transfer, pledge, hypothecation or alienation of benefits shall mutatis mutandis apply with regard to the rights of the ex-SPOUSE in respect of the part of the pension interest so assigned.

In the event of the FUND being furnished with a valid order made by a competent court, requiring the FUND to assign any amount from the MEMBER'S benefit to any other person, the FUND shall deduct the assigned amount from the MEMBER'S SHARE on the date of the court order, in terms of section 37D(1)(d) of the ACT.

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Such deduction shall be effected by the FUND on the date the order is received and shall have the effect of immediately reducing the amount of the MEMBER'S SHARE or minimum individual reserve in terms of these RULES and the ACT.

An ex-SPOUSE or other designated person shall not acquire the rights of a MEMBER or beneficiary in relation to the FUND, and no other interest or FUND INTEREST will be paid to them.

9.6 Currency

Contributions and benefits are payable in South African currency.

9.7 Monies not to revert to Employer

Except as otherwise provided for in these RULES, no monies of the FUND shall revert to or become the property of the LOCAL AUTHORITY.

9.8 Alienation of Benefits

No benefit or right under the FUND shall be capable of being ceded, pledged or assigned nor shall any such benefit be subject to any form of attachment or execution, save as provided for in the ACT.

9.8A Investment of assets and moneys while claim pending

9.8A.1 Subject to RULE 9.8A.2, the benefit arising from a MEMBER's retirement from service, death or other termination of service is invested in a money market portfolio kept by the FUND within a reasonable period after the date on which the ADMINISTRATOR is informed in the prescribed format of said retirement from service, death or other termination of service, subject to the requirements laid down by the ADMINISTRATOR in this regard from time to time.

9.8.A.2 Subject to sub-RULE(3) the benefit of a MEMBER –

(a) who had retired from service and who elected to become a DEFERRED RETIREE; or



(b) whose service was terminated and who elected to become a DEFERRED MEMBER or who became a DEFERRED MEMBER in terms of RULE 8,2

must remain invested in the investment portfolio(s) they were invested in on the date of the MEMBER's retirement from or termination of service, as the case may be, subject to any investment choices exercised by the MEMBER thereafter in terms of RULE 10.3

When the MEMBER's benefit must be paid in terms of the RULES, it is invested in the money market portfolio within a reasonable period after the date of RETIREMENT FROM THE FUND or the date on which the DEFERRED MEMBER requests payment of his benefit from the FUND, as the case may be.

9.8A.3 In the event that a MEMBER, who became a DEFERRED MEMBER in terms of RULE 8.2 fails to inform the FUND of the option he elected in terms of the RULES, including his investment portfolio section, if applicable, within six months from the date of his termination of service, his benefit will be invested in the default investment portfolio selected by the FUND for this purpose, failing which the benefit will remain invested as contemplated in the preceding RULE.

9.8A.4 The rate of net income earned on the investment in the money market portfolio referred to in the preceding RULES constitutes the FUND INTEREST in regard to the MEMBER from the commencement of that investment until the date the ADMINISTRATOR requests the tax directive for the REVENUE AUTHORITIES.

9.8A.5 The proceeds of insurance forming part of the benefits payable to or in respect of a MEMBER must be invested in the money market portfolio from the date of receipt from the INSURER. The net income on the investment of those proceeds up to the date the ADMINISTRATOR requests the tax directive form the COMMISSIONER will be added to the benefits payable.

9.9 Payment of Benefits

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Whenever a benefit becomes payable to any beneficiary, the benefit will be paid by means of an electronic fund transfer to the beneficiary's account with a bank as defined in the Banks Act, No. 94 of 1990, or a mutual bank as defined in the Mutual Banks Act, No. 124 of 1993, the details of which have been furnished by the EMPLOYER or the beneficiary to the FUND.

A beneficiary's benefit may be paid to a third party if that beneficiary provides sufficient proof that he or she is not able to open a bank account and any such payment shall be regarded as being a payment to that beneficiary.

For the purpose of this RULE "beneficiary" shall mean any person (including the MEMBER, DEFFERED RETIREE and DEFERRED MEMBER if applicable) who is or becomes entitled to the payment of a benefit in terms of these RULES.

9.10 Administration Costs

Except where otherwise specifically provided for, all expenses incurred in connection with the management and administration of the FUND and the investment of monies thereof, including but not limited to the SERVICE CHARGE and the INVESTMENT MANAGEMENT CHARGE, will be borne by the FUND, and will be met by a charge against LOCAL AUTHORITY contributions in terms of Rule 4.2.5(i), or will be taken into account by the TRUSTEES in determining FUND INTEREST, as appropriate.

9.11 LOCAL AUTHORITY must advise the FUND

The LOCAL AUTHORITY must inform the FUND in writing as soon as an ELIGIBLE EMPLOYEE becomes entitled to FUND membership or a MEMBER retires, dies or withdraws from his service. Where the LOCAL AUTHORITY is required to inform the FUND about a MEMBER'S early retirement due to ill-health or death, such notification must reach the FUND within six months of such occurrence.



For the purpose of establishing the benefit to which the MEMBER or beneficiary is entitled in terms of the RULES, the FUND may act upon the information provided by the LOCAL AUTHORITY without further enquiry and the FUND is not responsible to anybody for any misstatements, errors or omissions that may be contained in the information provided. The LOCAL AUTHORITY indemnifies the FUND against any claims instituted against the FUND as a result of the FUND so acting.

9.12 Housing Loans

For the period 1 November 1997 to 31 May 2007, the FUND shall have the power to grant a loan to a MEMBER for a purpose referred to in Section 19(5) of the ACT. Such loan shall be subject to the provisions set out in the ACT.

For the period 1 June 2007 to 29 February 2016, no new housing loans will be granted to MEMBERS from the assets of the FUND.

From 1 March 2016 the FUND shall have the power to grant a loan to a MEMBER for a purpose referred to in Section 19(5) of the ACT. Such loan shall be subject to the provisions set out in the ACT.

9.13 Guarantees by the Fund for Housing Loans

The FUND shall have the power to bind itself to guarantee and/or to stand surety in favour of one or more recognised financial institutions in respect of housing loans granted by any such recognised financial institution to MEMBERS. The FUND shall guarantee such loans granted to MEMBERS subject to the following conditions:

- 9.13.1 The loans must be for the purpose of obtaining housing in accordance with the requirements stipulated in the ACT.
- 9.13.2 The amount in respect of which the guarantee is furnished shall not exceed the sum of the following percentages of the

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MEMBER'S cash benefit in terms of RULE 8.1 which would have been paid had he withdrawn from the FUND voluntarily on the date on which application for the said loan was made, less, if applicable, any tax payable thereon, and any amount due to an ex-SPOUSE or other designated person in terms of RULE 9.5, but not yet paid:

- (a) 60% of the first R200 000 of the benefit, plus
- (b) 55% of the next R100 000 of the benefit, plus
- (c) 50% of the next R100 000 of the benefit, plus
- (d) 45% of the next R100 000 of the benefit, plus
- (e) 40% of the next R100 000 of the benefit, plus
- (f) 35% of any amount of benefit above R600 000.

9.13.3 On the MEMBER'S termination of employment, withdrawal, death or retirement from the FUND, the FUND shall be entitled to deduct from the MEMBER'S benefit the amount due to the said recognised financial institution in respect of the said loan, together with interest as advised in writing to the FUND by the said institution, but not exceeding the total amount of the guarantee given by the FUND. If the MEMBER should default on repayment conditions attached to a housing loan obtained from the recognised financial institution, the FUND shall be entitled to make payment to the said recognised financial institution of the amount due, as described in the first part of this section, from its funds, recovering the amount so paid from the MEMBER on his termination of employment, death, withdrawal or retirement.

9.13.4 With effect from the date on which a guarantee is furnished by the FUND on behalf of a MEMBER and thereafter until the guarantee is no longer required, an amount equal to the amount of the guarantee furnished may, at the discretion of the BOARD OF TRUSTEES, be isolated, in whatever manner the BOARD OF TRUSTEES believe appropriate, from the possibility of a decrease in value as a result of poor investment performance.

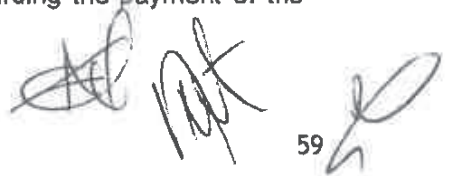
9.14 Unclaimed Benefits

If a benefit due under the FUND is not claimed within twenty four (24) months from the date on which it became legally due and payable, the benefit shall be termed an unclaimed benefit.

The unclaimed benefit will be invested in a NOMINATED INVESTMENT PORTFOLIO which guarantees the capital value of the investment against loss, as selected by the BOARD OF TRUSTEES.

If a potential beneficiary, including the MEMBER, approaches the FUND at any stage thereafter, the BOARD OF TRUSTEES shall consider his claim and if the circumstances so warrant, shall pay the benefit to the beneficiary, together with such proportionate share of the growth earned by the FUND over the period on the amount of the unclaimed benefit as they may allow.

Notwithstanding the above, the FUND may at any time direct that any unclaimed monies remaining in a MEMBER'S SHARE be transferred to any other fund established by law or in terms of the ACT to receive such unclaimed monies, and after such transfer the FUND shall have no liability in respect of this unclaimed benefit and in respect of the former MEMBER concerned. In the event of the benefit reducing to nil before it is claimed by a legitimate beneficiary or transferred to any other fund established by law or in terms of the ACT, the FUND's liability regarding the payment of the

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benefit automatically terminates and no beneficiary will have any further claim against the FUND in respect of the benefit.

9.15 Conditions of Service

Nothing in these RULES shall curtail the LOCAL AUTHORITY'S right to dismiss an employee.

9.16 Transfers from and to other funds

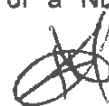
9.16.1 The FUND, in consultation with the LOCAL AUTHORITY, may receive benefits from an APPROVED FUNDS or ACCREDITED FUND as determined by the prevailing circumstances at time of transfer.

The transfer of benefits to and from ACCREDITED FUNDS and APPROVED FUNDS will be subject to legislation and compliance with collective agreements concluded at a local, divisional or national bargaining council. If the benefit being transferred is from a defined benefit fund, it must be converted to defined contribution benefit prior to transfer.

Transfer to an ACCREDITED FUND

MEMBERS may only transfer to an ACCREDITED FUND in the circumstances and conditions as prescribed in the collective agreements concluded at a local, divisional, or national bargaining council. Those MEMBERS shall cease to contribute to the FUND from the effective date of transfer to the ACCREDITED FUND. The MEMBERS may choose to either become a DEFERRED MEMBER of the FUND as provided for in these RULES or to transfer their MEMBER SHARE to the ACCREDITED FUND as provided for in the ACT.

9.16.2 Notwithstanding the provisions of RULE 9.16.1, an ELIGIBLE EMPLOYEE as well as MEMBER who is also a member of another retirement fund, may when they retire, transfer their retirement benefit in the other retirement fund to the FUND so that they can use their full retirement capital, or part thereof, as the case may be, for the purchase of a NEMW NEGOTIATED



PENSION or the payment of a LIVING ANNUITY, as the case may be. No amount transferred to the FUND in terms of this RULE may be commuted for a cash lump sum.

9.17 Risk Reserve Account

The FUND shall keep a Risk Reserve Account for the funding of the RISK BENEFITS provided to MEMBERS, to absorb the impact of any adverse experience in the provision of such RISK BENEFITS, to which shall be credited all profits received from the INSURER from the risk underwriting profit share agreement the FUND has with the INSURER as well as a portion of the contributions payable to the FUND in respect of each MEMBER earmarked for the funding of RISK BENEFITS

The quantum of the account will be determined by the BOARD OF TRUSTEES in consultation with the ACTUARY at least at the date of each statutory actuarial valuation.

The assets of the Risk Reserve Account will be invested in a NOMINATED INVESTMENT PORTFOLIO as selected by the BOARD OF TRUSTEES.

- (a) The Risk Reserve Account may be credited with:
 - (i) Profits from the risk underwriting profit share agreement;
 - (ii) The amount determined from time to time for the funding of RISK BENEFITS, which is paid out of the contributions received as provided for in these RULES;
 - (iii) Payments received from the INSURER in respect of the RISK BENEFITS insured or partially insured in terms of RULES 6.2.2 and 7.1.2;
 - (iv) Transfers from the other reserve accounts of the FUND as decided by the BOARD OF TRUSTEES, on the advice of the ACTUARY, taking into account cost and practicality; and
 - (v) Investment return on the assets in this account, if positive.



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- (b) The Risk Reserve Account may be debited with:
- (i) Payments by the FUND not governed by any other RULE elsewhere contained in these RULES, as approved by the BOARD OF TRUSTEES and where necessary, in consultation with the ACTUARY;
 - (ii) The costs for the funding of the RISK BENEFITS, if insured or partially insured;
 - (iii) Transfers to MEMBER'S SHARE in the form of FUND INTEREST in consultation with the ACTUARY;
 - (iv) Payments made by the FUND in accordance with RULES 6.2.2 and 7.1.2.
 - (v) Transfers to the MEMBERS' SHARE as well as the other reserve accounts of the FUND as decided by the BOARD OF TRUSTEES, on the advice of the ACTUARY, taking into account cost and practicality; and
 - (vi) Investment return on the assets in this account, if negative.
- (c) The Risk Reserve Account shall not have a negative balance.

Should the purpose of this Risk Reserve Account become obsolete or on liquidation of the FUND, any balance in the account must be applied in accordance with section 15I of the ACT.**9.18 Expense Reserve Account**

The FUND shall keep an Expense Reserve Account which has been established to meet the ongoing FUND expenses.

The following transactions shall be recorded in the Expense Reserve Account:

(a) Credits

- (i) The amount determined from time to time which is paid out of the EMPLOYER contributions in terms of rule 4.2.5 (i) to cover FUND expenses;



(ii) Transfers from the PENSION ACCOUNT in respect of an ANNUITANT expenses;

(iii) Allowance for any expenses (incurred and accrued) for the management of the FUND, which are allowed for in the determination the of FUND INTEREST;

(iiiA) transfers from the other reserve accounts of the FUND as decided by the BOARD OF TRUSTEES, on the advice of the ACTUARY, taking into account cost and practicality;

(iv) Investment returns on the assets in this account, if such investment returns are positive.

(b) Debits

(i) All costs and expenses referred to in these RULES;

(ii) The BOARD OF TRUSTEES may allocate any balances in this account (whether positive or negative) to the FUND INTEREST, as calculated and recommended by the FUND'S ACTUARY, from time to time.

(iii) Transfers to the other reserve accounts as decided by the BOARD OF TRUSTEES, on the advice of the ACTUARY, taking into account cost and practicality.



The purpose of the Expense Reserve Account is to cover the SERVICE CHARGE and all other costs incurred in the management of the FUND as well as to allocate, to MEMBERS, any excess in this account. The Expense Reserve Account shall not have a negative balance.

9.19 Data and Processing Error Reserve Account

The FUND keeps a Data and Processing Error Reserve Account to which is credited –

(a) any amounts that the BOARD, on the advice of the ACTUARY, transfers to this account from the other reserve accounts of the FUND, in order to maintain the balance in this account at an appropriate level;

(b) profits earned by the FUND as a result of mismatching of assets and liabilities caused by data and/or processing errors or timing differences in

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the actual investment or disinvestment of the FUND's money from the time it was deemed to happen at the calculation of benefits or the accrual of investment earnings;

(c) any amount transferred from an approved fund to be allocated to this account in the event of a new LOCAL AUTHORITY joining the FUND; and

(d) the net investment return on the amount in the account, if positive.

The Data and Processing Error Reserve Account is debited with –

(a) any amounts that the BOARD, on the advice of the ACTUARY, transfers to the MEMBERS' SHARES and or the other reserve accounts of the FUND in order to maintain the balance in this account at an appropriate level;

(b) any amounts that the BOARD, on the advice of the ACTUARY, transfers to another approved fund in respect of a specific LOCAL AUTHORITY on termination of its participation in the FUND;

(c) losses suffered by the FUND as a result of mismatching of assets and liabilities caused by data and/or processing errors or timing differences in the actual investment or disinvestment of the FUND's money from the time it was deemed to happen at the calculation of benefits or the accrual of investment earnings; and

(d) the net investment return on the amount in this account, if negative.

The Data and Processing Error Account shall not have a negative balance as a result of data errors and omissions.

On liquidation of the FUND, any balance in the account must be applied in accordance with section 15I of the ACT.

PART 10.

METHOD OF INVESTMENT

10.1 Bank Account

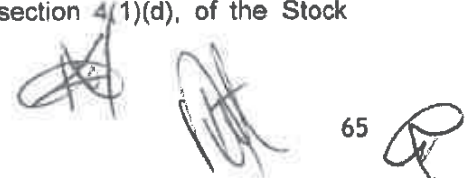

The BOARD OF TRUSTEES shall cause accounts to be opened in the name of the FUND at any registered banking institution and may from time to time authorise cheques, bills or other documents relating to such accounts and pertaining to the FUND to be signed by such persons or representative of such organisation as the BOARD OF TRUSTEES may, by way of resolution, appoint.

All monies received by or on behalf of the FUND shall be paid into one of these accounts, and all payments by the FUND shall be made from these accounts.

10.2 Investment Procedures

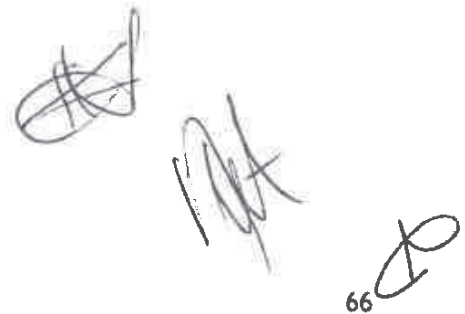
- 10.2.1 The BOARD OF TRUSTEES will have power (subject to the provisions of section 19 of the ACT) to invest in immovable property and/or otherwise invest, lend, put at interest, place on deposit, make advances of, or otherwise deal with all the monies of the FUND upon such securities and in such manner as they from time to time determine, and to dispose of immovable property, realise, vary, reinvest, or otherwise deal with such securities and other investments as they from time to time determine, provided that the BOARD OF TRUSTEES may invest the whole or a part of the monies of the FUND for such period and on such terms as they decide in an INVESTMENT INSURANCE CONTRACT issued by an INSURER.

In addition, the BOARD OF TRUSTEES may delegate, on such terms and conditions as they will specify, their powers to make investments of any type to a financial institution as defined in the Financial Institutions (Protection of Funds) Act, No. 28 of 2001 or to a person approved in terms of section 4(1)(d), of the Stock

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Exchanges Control Act, 1985 (Act No. 1 of 1985) and may defray expenses incurred as a result of such delegation out of the monies of the FUND.

- 10.2.2 Any amount advanced on mortgage of immovable property will not, together with any other amount that has been or can be advanced on security of a prior or pari passu mortgage of that property, exceed seventy-five per cent of the value of the property on the date of the advance.
- 10.2.3 Investment in immovable property will be subject to the conditions laid down by the AUTHORITY.
- 10.2.4 The BOARD OF TRUSTEES may obtain an overdraft from a bank, or borrow from any other party, on such terms as they think fit, such sum as they approve for the purpose of completing any investment or meeting any temporary unforeseen cash shortage, and for this purpose may give such security as they decide.
- 10.2.5 Every document of title to an investment, other than those investments underlying an INVESTMENT INSURANCE CONTRACT, will be registered in the name of the FUND or of a nominee company approved by the AUTHORITY. Every title deed and other document of title belonging to or held by the FUND will be kept in a banking institution, financial institution or strong rooms at the Registered Office of the FUND, as decided by the BOARD OF TRUSTEES.
- 10.2.6 Every cheque, contract or other document pertaining to the FUND will be signed by such persons as the BOARD OF TRUSTEES by resolution may appoint and executed in such manner as the BOARD OF TRUSTEES may determine, subject to the provisions of RULE 10.1.



10.3 MEMBERS' Investment Options

10.3.1 The BOARD OF TRUSTEES may from time to time decide which investment portfolios shall be made available as APPROVED INVESTMENT PORTFOLIO(S), for the investment of contributions made in terms of RULE 4.1, RULE 4.2 and RULE 4.6.

10.3.2 Each MEMBER may elect the NOMINATED INVESTMENT PORTFOLIO(S) in which his MEMBER'S SHARE shall be invested. Such election or elections shall be subject to such conditions as shall be laid down by the BOARD OF TRUSTEES from time to time and shall be subject to the terms and conditions contained in any Investment Agreement or INVESTMENT INSURANCE CONTRACT entered into by the BOARD OF TRUSTEES.

10.3.3 Subject to the terms and conditions contained in any Investment Agreement or INVESTMENT INSURANCE CONTRACT entered into by the BOARD OF TRUSTEES, a MEMBER may direct,

(a) into which NOMINATED INVESTMENT PORTFOLIO(S) future contributions in terms of RULE 4.1, RULE 4.2 and RULE 4.6 must be invested.

(b) Any such investment, realisation or re-allocation shall be on such terms and subject to such additional conditions as decided by the BOARD OF TRUSTEES, and

(c) each MEMBER shall be allowed one free switch between portfolios per annum. The cost of any additional switches will be borne by the MEMBER at the rate or fee determined by the BOARD OF TRUSTEES from time to time.

10.3.4 Where a MEMBER does not exercise the option available in terms of this RULE, all contributions and other monies pertaining



to such MEMBER shall be invested in the DEFAULT INVESTMENT PORTFOLIOS on the MEMBER'S behalf.



PART 11.

DISSOLUTION OR PARTIAL DISSOLUTION OF THE FUND

11.1 Dissolution of the Fund

11.1.1 The FUND may be dissolved:

- (i) by order of the court, in terms of Section 29 of the ACT; or
- (ii) by the BOARD OF TRUSTEES, if at least two thirds of all the employees of all the participating LOCAL AUTHORITIES who are MEMBERS decide that the FUND should be discontinued, and written notice to this effect is given to the BOARD OF TRUSTEES within two months prior to a FUND ANNIVERSARY, in which event contributions to the FUND will cease at the end of that FINANCIAL YEAR; or

11.1.2 If the FUND is to be dissolved, the BOARD OF TRUSTEES will, subject to the approval of the AUTHORITY, appoint a LIQUIDATOR who will dissolve/ liquidate the FUND in terms of the RULES and the ACT. The date of liquidation shall be deemed to commence from the date on which the AUTHORITY approves the LIQUIDATOR'S appointment.

As at such date of liquidation, the LIQUIDATOR shall determine the value of the assets of the FUND and shall determine each MEMBER'S equitable share of the value of the assets. Such equitable shares shall be paid to an APPROVED FUND or ACCREDITED FUND for the benefit of MEMBERS then participating hereunder. Provided that if a person to whom an amount is payable cannot be traced by the LIQUIDATOR the amount payable in respect of that person will be transferred to the Guardian's Fund.



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Alternatively, subject to the approval of the AUTHORITY, the LIQUIDATOR may decide on some other basis of dealing with such balances.

11.1.3 For the purposes of this RULE, the term 'MEMBER' shall include a MEMBER who has ceased to be a MEMBER during the twelve month period preceding the date of termination for any reason other than death. Any benefit already paid to such MEMBER will be taken into account in determining the amount allocated to him in terms of this RULE.

11.1.4 During the period between the date of liquidation and the payment or transfer of any MEMBER'S share of the assets in terms of this RULE, the assets of the FUND held in respect of that MEMBER shall remain invested as previously, provided that, at the request of a LOCAL AUTHORITY, the BOARD OF TRUSTEES may arrange for the assets held in respect of the employees of that LOCAL AUTHORITY to be disinvested and re-invested in a money market account or such other suitable investment vehicle which guarantees the capital value of the assets against loss.

11.2 Partial dissolution of the FUND

11.2.1 Any LOCAL AUTHORITY participating in the Fund may, subject to conditions as prescribed by the BOARD OF TRUSTEES, cease to participate in the FUND.

11.2.2 If participation by LOCAL AUTHORITIES is terminated,

(a) the MEMBERS in the service of that LOCAL AUTHORITY may elect that their MEMBER SHARE be transferred to another ACCREDITED FUND or that their MEMBER SHARE be preserved in the FUND.

(b) CONTRIBUTIONS payable by MEMBERS and the LOCAL AUTHORITY will cease from the date of the termination of



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participation by the LOCAL AUTHORITY as determined by the BOARD OF TRUSTEES as provided for in RULE 11.2.1;

(c) The interests in the FUND of those to whom payments are then being made in terms of the RULES on account of their or someone else's retirement or death while they were in the service of that LOCAL AUTHORITY, must be transferred to an APPROVED FUND or an ACCREDITED FUND or the MEMBER may elect to preserve his interest in the FUND until the NORMAL RETIREMENT AGE or be used to purchase retirement benefits or regular income benefits for them from and INSURER. But if the amount relating to a particular MEMBER is too small to be applied economically in such a manner, it may be paid in a lump sum. And the part representing the benefit that would have been payable in cash in the case of voluntary resignation from service may in any event be paid in a lump sum.

11.2.3 In the preceding sub-Rule the interests in the Fund in respect of the MEMBER mean the MEMBER'S SHARE in the FUND.

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PART 12.

MANAGEMENT OF THE FUND

12.1 BOARD OF TRUSTEES

The FUND shall be managed by a BOARD OF TRUSTEES appointed or elected in terms of these RULES to direct, control and oversee the operations of the FUND in accordance with the applicable laws and the provisions of the RULES.

12.2 Composition of the BOARD OF TRUSTEES

The BOARD OF TRUSTEES shall comprise of at least eleven persons and not more than twelve persons, and shall be made up as follows, -

12.2.1 Ten TRUSTEES elected by MEMBERS and ANNUITANTS.

12.2.1.1 The BOARD OF TRUSTEES may, where necessary or in the event that no nomination is received from a particular Province, combine Provinces for allocation of a seat. The BOARD OF TRUSTEES may also combine Provinces before nominations are called for should the number of MEMBERS and ANNUITANTS in a particular Province not justify the allocation of a seat to that particular Province.

12.2.1.2 These TRUSTEES shall be elected by the MEMBERS and ANNUITANTS who are in the Provinces, on a proportional basis. Seat(s) shall be proportionally allocated to a Province or combined Provinces where the FUND has MEMBERS and ANNUITANTS, as determined by the BOARD OF TRUSTEES at a meeting held at least ninety days prior to the date of the election of a new BOARD OF TRUSTEES, in accordance with the formula-



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Total number of potential votes =
10
number of MEMBERS and ANNUITANTS per representative seat

12.2.1.3 Any MEMBER of the FUND shall be eligible for nomination and election as a TRUSTEE provided that:

(i) contributions to the FUND on his behalf exceeds any contributions made on his behalf to any other fund providing retirement benefits for employees in Local Government;

(ii) such MEMBER fulfils the requirements of the FUND'S fit and proper policy, as amended by the BOARD OF TRUSTEES from time to time and

(iii) such MEMBER is not a trustee of a retirement fund operating in the local government sphere, read with RULE 12.5.3.

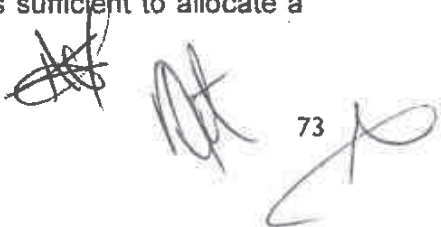
Where a COUNCILLOR is also a MEMBER of the FUND and is nominated to fill the position of a TRUSTEE, such COUNCILLOR shall only be a TRUSTEE after elected into office by MEMBERS and ANNUITANTS.

12.2.1.4 Any ANNUITANT of the FUND shall be eligible for nomination and election as a TRUSTEE provided that:

(i) such ANNUITANT fulfils the requirements of the FUND'S fit and proper policy, as amended by the BOARD OF TRUSTEES from time to time, and

(ii) such ANNUITANT is not a trustee of a retirement fund operating in the local government sphere, read with RULE 12.5.3.

12.2.1.5 An ANNUITANT shall be eligible for nomination and election as a TRUSTEE once their number is sufficient to allocate a


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seat as determined in terms of RULE 12.2.1.2 and if they comply with the requirements as set out in RULE 12.2.1.4. Such seat shall be added to the number provided for in RULE 12.2.1 and only ANNUITANTS shall contest for that particular seat.

12.2.1.6 MEMBERS shall only stand to be elected as TRUSTEES in respect of a seat that exist in the province(s) from where they are employed, in relation to ANNUITANTS, as determined in terms of RULE 12.2.1.1 and RULE 12.2.1.2. Once on the BOARD OF TRUSTEES, a TRUSTEE represents the FUND and its interest.

12.2.1.7 Category A members whose membership to the Fund is for the sole purpose of providing for retirement benefits additional to their retirement benefits in a principal retirement fund approved for the Local Government Sector other than this Fund, shall each have a vote proportional to the percentage of the combined contribution by themselves and the employer on their behalf to this Fund. This category of membership contributes approximately one-eighth of that of Category B and C members and will such a member thus be entitled to one-eighth of a vote on any matter that is put to the vote until such time as the Board of Trustees has determined otherwise. The ratio needed will be determined when the Board of Trustees determines the numbers of seats / members in terms of Rule 12.2.1.2.

12.2.1.8 Subject to Rule 12.2.1.7, all MEMBERS and ANNUITANTS shall have one vote on any matter that is put to the vote.

12.2.1.9 PENSIONERS shall have no voting right on any matter that is put to a vote.

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12.2.1.10 A TRUSTEE who is within 2½ years of NORMAL RETIREMENT AGE when vacating their seat on the BOARD or of whom it is confirmed that they will leave the employment of the EMPLOYER within 2½ years of them vacating their seat as a TRUSTEE, will not be eligible for re-election to the BOARD.

A MEMBER who is within 2½ years of NORMAL RETIREMENT AGE at the time of the meeting referred to in Rules 12.2.1.2 or a MEMBER in respect of whom it is confirmed that they will leave the employment of the EMPLOYER within 2½ years of them assuming office as a TRUSTEE, will not be eligible for election to the BOARD OF TRUSTEES.

A PENSIONER will not be eligible for election to be a TRUSTEE.

12.2.1.11(a) Vacancies that might occur within a term of office, shall be filled by the available candidate who received the next highest votes in the respective Province or combined Provinces during the last election through which the TRUSTEE who vacated office was elected. The new TRUSTEE in such a case shall serve for the remainder of the term of office of the TRUSTEE whom s/he replaces.

12.2.1.11(b) The first two vacancies to exist in terms of RULE 12.2.1.11(a) shall not be filled in order to reduce the number of TRUSTEES elected in terms of RULE 12.2.1 from ten to eight. The denominator of the formula under RULE 12.2.1.2 shall reduce from ten to eight when RULE 12.2.1.11(b) is applied.



12.2.2 The person appointed in terms of RULE 12.6.3.1 will be a TRUSTEE of the FUND for the period of his appointment.

12.2.3 One TRUSTEE may be appointed by the EMPLOYERS ORGANISATION.

The EMPLOYERS ORGANISATION representing the majority of employers in the Local Government Sector in South Africa may appoint one representative TRUSTEE. The EMPLOYERS ORGANISATION may at any time terminate the appointed TRUSTEE, by informing the PRINCIPAL OFFICER of the FUND in writing.

12.2.4 The process to elect TRUSTEES into office may be advanced or postponed, as the case may be, for a maximum of two years, if the BOARD OF TRUSTEES are of the opinion that such advancement or postponement would be to the benefit of, and in the best interests of, the MEMBERS of the FUND. The effect of the advancement or postponement of the elections is to limit or extend, respectively, the term of office of TRUSTEES.

12.3 Terms of Office of TRUSTEES

12.3.1 Subject to the provisions of RULE 12.2.4, TRUSTEES elected by MEMBERS and ANNUITANTS shall hold office for a period of five years. TRUSTEES may, however, on the expiry of their term make themselves available for reappointment or re-election.

12.4 Termination of Office of TRUSTEES



12.4.1 A TRUSTEE may resign from office at any time on giving one month's written notice to the BOARD OF TRUSTEES.

12.4.2 A TRUSTEE shall cease to hold office if

- (i) his term of office expires, or he ceases to be a MEMBER, or he resigns from office in accordance with Rule 12.4.1;
- (ii) he becomes insane or otherwise incapable of acting as a trustee;
- (iii) his estate is sequestrated or surrendered or assigned for the benefit of his creditors;
- (iv) he is removed by the court on account of misconduct from any office of trust;
- (v) he is convicted of any offence and sentenced to imprisonment without the option of a fine;
- (vi) he is convicted of theft, fraud, forgery or uttering of a forged document or perjury;
- (vii) he is found guilty of misconduct or neglecting his duties and removed from office as a TRUSTEE by resolution of the BOARD OF TRUSTEES, taken with a two-thirds majority vote after he has had an opportunity to state his case;
- (viii) he ceases to fulfil the requirements of the FUND'S fit and proper policy, as determined by the BOARD OF TRUSTEES from time to time.
- (ix) when a TRUSTEE is appointed or elected to be a trustee of another retirement fund operating in the local government sphere.

12.5 Duties of the BOARD OF TRUSTEES



In pursuing the objects of the FUND, the BOARD OF TRUSTEES shall:

- 12.5.1 take all reasonable steps to ensure that the interests of MEMBERS in terms of the RULES and the provisions of the ACT are protected at all times;
- 12.5.2 act with due care, diligence and good faith;
- 12.5.3 avoid conflicts of interest;
- 12.5.4 act with impartiality in respect of all MEMBERS and beneficiaries;
- 12.5.5 have and be entitled to exercise all powers, rights and privileges vested upon it in accordance with the provisions of these RULES. Such powers, rights and privileges shall be exercised in conformity with the ACT, the Income Tax Act, 1962 (as amended) and any other relevant legislation and with any ruling laid down by such authorities as the AUTHORITY and the COMMISSIONER;
- 12.5.6 ensure that proper control systems are employed by or on behalf of the BOARD OF TRUSTEES;
- 12.5.7 ensure that adequate and appropriate information is communicated to MEMBERS informing them of their rights, benefits and duties in terms of the RULES;
- 12.5.8 ensure that contributions are paid timeously to the FUND in accordance with the provisions of the ACT;
- 12.5.9 obtain expert advice on matters where the TRUSTEES may lack sufficient expertise;
- 12.5.10 ensure that the RULES and the operation and administration of the FUND comply with the provisions of the Acts and any other relevant legislation and with any ruling laid down by the AUTHORITY and the COMMISSIONER;
- 12.5.11 approve prior claims, where appropriate;



- 12.5.12 review all divorce orders in terms of RULE 9.5 and ensure that they are acted on appropriately according to the provisions of the ACT;
- 12.5.13 reach agreement in advance on arbitrators to be used, should the need arise; and
- 12.5.14 ensure that proper books and records of the operations of the FUND are kept and shall maintain at the FUND'S registered office, a register or registers containing the following information:
- (i) each TRUSTEE'S full names and surname, identity number, date of birth, nationality, occupation, residential address, business address, postal address and the date of his appointment to the BOARD OF TRUSTEES;
 - (ii) any changes occurring from time to time in respect of the above details;
 - (iii) a minute book recording all resolutions adopted at meetings of the BOARD OF TRUSTEES. (The minute book is to be bound in such a way as to render the withdrawal or insertion of a page impossible and the pages shall be numbered consecutively);
 - (iv) the names of the MEMBERS of the FUND;
 - (v) particulars regarding the postal address and registered office of the FUND;
 - (vi) particulars regarding the administrator of benefits, if any; and
 - (vii) particulars regarding the administrator of investments.
- 12.5.15 Act independently
- 12.5.16 comply with any other specific requirements prescribed by the AUTHORITY.
- 12.5.17 ensure that no any other amount, including commission, will be paid to an investment or professional service provider of the FUND or any other person, except fees or payment for services rendered by it to the FUND in the ordinary course of

Two handwritten signatures in black ink, one appearing to be 'A' and the other 'R'.A handwritten mark resembling a stylized 'R' or 'D' in black ink.

the governance, management, investment, or administration of the FUND.

12.5.18 ensure that the FUND will report to the Council as provided for in terms of the collective agreement reached in the South African Local Government Bargaining Council.

12.5.19 ensure that no commission or gratification is received by a TRUSTEE that is not allowed as part of the allowable expenses, remuneration or gratification approved by the BOARD OF TRUSTEES.

12.6 Powers of the BOARD OF TRUSTEES

12.6.1 Legal Actions

The BOARD OF TRUSTEES has the power to institute, conduct, defend, compound, settle or abandon any legal proceedings by or against the FUND, FUND Officers, FUND Employees, FUND or FUND Secretary, in the name of the FUND;

The BOARD OF TRUSTEES has the power to settle and decide upon any claim instituted by or against the FUND or FUND Officers, FUND Employees, FUND Officials or FUND Secretary and to authorise the payment of any claim made against the FUND or FUND Officers, FUND Employees, FUND Officials or FUNDS Secretary;

12.6.2 Appointment of Committees

- (i) The composition of the Committees and the election of office bearers shall be determined by the BOARD OF TRUSTEES.
- (ii) The BOARD OF TRUSTEES may decide that any power of decision on any matter that is vested in them, shall be delegated, on such terms and conditions as they may



specify to a Committee of such of their number as they may nominate.

- (iii) The decision of a Committee to which a power is delegated shall, unless the BOARD OF TRUSTEES stipulate that it must be referred to them for ratification, be regarded as a decision made by the BOARD OF TRUSTEES.
- (iv) Minutes shall be kept of all committee meetings and these shall be presented to the BOARD OF TRUSTEES for noting or ratification, as the case may be, at their next meeting.
- (v) A simple majority (50% plus one) of the number of the TRUSTEES shall constitute a quorum.

12.6.3.1 Appointment of PRINCIPAL OFFICER

The BOARD OF TRUSTEES must appoint a PRINCIPAL OFFICER in terms of the ACT and may from time to time, at its discretion, appoint somebody else as principal officer. The BOARD OF TRUSTEES must notify the AUTHORITY of the name of each person appointed as principal officer.

The duties and responsibilities of the PRINCIPAL OFFICER will be regulated by the ACT and a service level agreement concluded between the FUND and the PRINCIPAL OFFICER

12.6.3.2 Appointment of a Deputy-Principal Officer

If the BOARD OF TRUSTEES deems it necessary, it may appoint a deputy principal officer to assist the PRINCIPAL OFFICER, on the terms and conditions provided for in the ACT.



The PRINCIPAL OFFICER may delegate in writing to the deputy principal officer any of his duties under the ACT and the RULES, including the performance of his duties during any extended absence.

The BOARD OF TRUSTEES may delegate certain functions to the deputy principal officer from time to time.

If the PRINCIPAL OFFICER is unable, for any reason to perform the duties imposed on him/her by the ACT, the deputy principal officer must perform such duties for the period during which the PRINCIPAL OFFICER is unable to perform the duties himself, until the PRINCIPAL OFFICER is able to perform his duties or until the BOARD OF TRUSTEES formally appoints a new PRINCIPAL OFFICER in accordance with the RULES, as the case may be.

12.6.4 Appointment of AUDITOR

The BOARD OF TRUSTEES appoints an auditor for the FUND for such period as may be decided and has the right to dismiss him at any time. The AUDITOR must be registered under the Public Accountants and Auditors Act, No. 80 of 1991, and may not be an officer of the FUND.

The AUDITOR must have access to all books, papers, vouchers, accounts and documents connected with the FUND and must certify the results of each audit in writing.

12.6.5 Appointment of ADMINISTRATOR

The BOARD OF TRUSTEES may appoint one or more organisation to administer the FUND. The BOARD OF TRUSTEES may only appoint an organisation that has been approved by the AUTHORITY as an ADMINISTRATOR. The BOARD OF TRUSTEES may withdraw the appointment of the ADMINISTRATOR and appoint a new ADMINISTRATOR.



12.6.6 Appointment of ACTUARY and actuarial valuations

The BOARD OF TRUSTEES must appoint an ACTUARY to act as valuator to the FUND in terms of the ACT, subject to the approval of the AUTHORITY. The financial condition of the FUND shall be investigated and reported on by the ACTUARY at intervals not exceeding three years. The TRUSTEES shall forward a copy of such report to the AUTHORITY and shall cause a copy of such report or a summary thereof to be sent to every EMPLOYER participating in the FUND.

12.6.7 Appointment of other persons

The BOARD OF TRUSTEES or Committees may appoint such other persons as they may seem necessary for the proper execution of the FUND'S activities and at such remuneration and on such conditions as the BOARD OF TRUSTEES may decide.

The BOARD OF TRUSTEES or Committees may by resolution terminate the services of any person appointed in terms of the RULES.

12.6.8 Policies and procedures

The BOARD OF TRUSTEES shall adopt and implement policies and procedures, as deemed necessary, for the effective management and administration of the FUND.



12.7 Board Meetings

12.7.1 Number and Frequency

The BOARD OF TRUSTEES shall meet from time to time to conduct the business of the FUND.

Meetings of the BOARD OF TRUSTEES shall take place as often as shall be agreed by the TRUSTEES, but at least three meetings shall be held in each FINANCIAL YEAR of the FUND. If at least two-thirds of the TRUSTEES make a reasonable request to the Chairman to convene a meeting of the BOARD OF TRUSTEES he shall do so within fifteen days.

12.7.2 Notice of Meetings

The Chairman shall cause notice of a meeting of the BOARD OF TRUSTEES to be given to all TRUSTEES and the PRINCIPAL OFFICER of the FUND and 10 days' prior written notice of such meeting shall be so given, unless this period is waived by the TRUSTEES.

12.7.3 Chairman

The BOARD OF TRUSTEES shall elect one of their number who is a MEMBER of the FUND, from time to time to act as Chairman to preside over and maintain order at meetings, so as to ensure that meetings are conducted in a proper manner. If the elected Chairman is absent from any meeting of the BOARD OF TRUSTEES, the TRUSTEES who are present at the meeting shall elect a chairman for that meeting from their number.

The role and function of the Chairman will be determined by the BOARD OF TRUSTEES as set out in a policy document.

12.7.4 Voting Rights

(i)



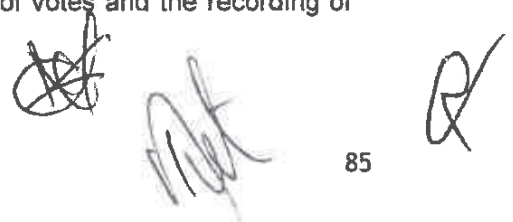
- (i) A quorum consisting of 50% plus one of the serving TRUSTEES is required for concluding the business of the FUND.
- (ii) At a meeting of the BOARD OF TRUSTEES each TRUSTEE shall have one vote.
- (iii) At all meetings of the TRUSTEES the decision of the majority shall be binding. If no majority decision can be reached on any matter, the matter shall be referred to a panel of three experts. The panel shall be appointed by the TRUSTEES as per RULE 12.6.7, for a determination. The determination of the panel shall be binding.

12.7.5 Adoption of Resolutions

- (i) At a meeting of the BOARD OF TRUSTEES motions shall be proposed and voted upon in accordance with the RULES. In the event of a majority, such decision will constitute a resolution of the FUND.
- (ii) Any matter may be decided upon by majority decision of the full BOARD OF TRUSTEES in terms of a round robin decision taken by electronic means. This resolution shall be of the same force and effect as a resolution adopted at a meeting of the BOARD OF TRUSTEES. Any resolution adopted in terms of this Rule shall be noted at the first meeting of the BOARD OF TRUSTEES held after the resolution was adopted.

12.7.6 Appointment of Secretary

A Secretary shall be appointed from time to time by the BOARD OF TRUSTEES. The Secretary's functions shall include the arrangement of meetings, the taking of minutes, the counting of votes and the recording of resolutions at meetings.



12.7.7 Minutes

Minutes of all meetings of the BOARD OF TRUSTEES shall be taken and recorded in writing. These minutes shall be kept in accordance with the ACT.

The minutes of each meeting shall be distributed to all TRUSTEES and the PRINCIPAL OFFICER of the FUND.

12.8 Amendment to the RULES

The BOARD OF TRUSTEES shall be entitled to amend the RULES of the FUND at any time.

No amendment to the RULES of the FUND will be valid unless the amendment has been registered by the AUTHORITY.

If the RULES are amended with regard to the benefits that are provided by the FUND, the amendment will, unless specifically stated otherwise, not apply to benefit claims which arise before the amendment date.

12.9 Member's Right to Documents

MEMBERS shall only be entitled, subject to a charge, to copies of those documents of the FUND, as determined by the ACT.

Any MEMBER shall be entitled to inspect, without charge, at the registered office of the FUND, any of those documents of the Fund, as determined by the ACT.

12.10 Discretion of the BOARD OF TRUSTEES

The BOARD OF TRUSTEES shall be entitled to make any arrangements and regulations for the administration of the FUND and to do anything not inconsistent with these RULES or applicable legislation, which in its opinion, is for the benefit and protection of the MEMBERS and beneficiaries.

All documents or contracts effected by the FUND shall be binding upon the FUND provided that they have been signed in terms of the BOARD OF TRUSTEES' signing policy.

Where, however, the ACT prescribes specific formalities for the signature of documents, such documents shall only be binding upon the FUND subject to compliance with these requirements.

12.11 Expenses

All expenses incurred by the BOARD OF TRUSTEES in directing, controlling and overseeing the operations of the FUND, including BOARD OF TRUSTEES expenses and allowances or other expenses as deemed fit and approved by the BOARD OF TRUSTEES, must be borne by the FUND.

All of the expenses in connection with or incidental to the management and or administration of the FUND shall be borne by the FUND.

The reasonable costs of identifying and tracing a BENEFICIARY may be deducted from that MEMBER's SHARE.

The BOARD OF TRUSTEES in conjunction with the ACTUARY shall from time to time determine the amount to be paid by the MEMBERS, PENSIONERS , DEFERRED RETIREES and DEFERRED MEMBERS to cover the FUND expenses.

12.12 Indemnification

The TRUSTEES, PRINCIPAL OFFICER, Deputy Principal Officer, Secretary, FUND Officers, FUND Employees and other FUND Committees are not personally liable for any loss which the LOCAL AUTHORITY, MEMBERS, ANNUITANTS or DEPENDANTS may suffer as a result of their actions, provided the actions are in accordance with the RULES and the loss does not arise from their gross negligence, dishonesty or fraud.



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The BOARD OF TRUSTEES, PRINCIPAL OFFICER, Deputy Principal Officer, FUND Officers, FUND Employees and Secretary 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 gross negligence, dishonesty or fraud.

12.13 Fidelity Guarantee

The BOARD OF TRUSTEES shall ensure such fidelity guarantee and negligence insurance cover is in place as it deems sufficient in respect of the BOARD OF TRUSTEES, PRINCIPAL OFFICER, Deputy Principal Officer and Secretary who handle the money and assets of the FUND.

12.14 Accounts

The TRUSTEES will cause the FUND to be audited by the AUDITOR annually within the period prescribed by legislation. The AUDITOR will provide the Fund with audited financial statements. The Fund shall submit the audited financial statements to the AUTHORITY within the prescribed period following the end of the FUND'S FINANCIAL YEAR.

12.15 Accidental Insurance Cover

All expenses incurred by the BOARD OF TRUSTEES in obtaining accidental insurance cover on the lives of the individual TRUSTEES, the PRINCIPAL OFFICER, Deputy Principal Officer and secretary of the FUND and any FUND official as deemed necessary by the BOARD OF TRUSTEES, must be borne by the FUND.



PART 13.

CONTRIBUTION RATE SCHEDULE

13.1 CONTRIBUTION RATE SCHEDULE

Attached to these RULES is a CONTRIBUTION RATE SCHEDULE reflecting the MEMBER and EMPLOYER contribution rates as agreed between the parties. The CONTRIBUTION RATE SCHEDULE shall be amended from time to time as EMPLOYERS join or terminate participation in the FUND.



PART 14

RISK BENEFITS SCHEDULE

1. Introduction

1.1. This SCHEDULE reflects the RISK BENEFITS MEMBERS of the FUND are entitled to in terms of RULES 6.2.2 and 7.1.2

1.2. The FUND shall either insure the RISK BENEFITS with an INSURER or have the option to self-insure the RISK BENEFITS or a combination of both insure and self-insure the RISK BENEFITS.

1.3. If the RISK BENEFITS are self-insured by the FUND the payment of such RISK BENEFITS shall be subject to any terms, conditions, restrictions, and exclusions the BOARD may impose from time to time and as set out in the protocol adopted by the BOARD. RISK BENEFITS will only become payable by the FUND once the claim for the RISK BENEFITS has been approved by the BOARD.

1.4. If the FUND insures the RISK BENEFITS with an INSURER, the payment of the RISK BENEFITS shall be subject to any terms, conditions, restrictions, exclusions and underwriting conditions the INSURER may impose from time to time and as set out in the POLICY OF INSURANCE issued by the INSURER. RISK BENEFITS will only become payable by the FUND once the claim for the RISK BENEFITS have been approved and paid by the INSURER to the FUND.

1.5. With effect from 1 March 2012, in respect of CATEGORY A MEMBERS, the default amount of DEATH RISK BENEFITS and or ILL-HEALTH is one time the MEMBER'S REMUNERATION, unless a higher amount was selected by the MEMBER prior to 1 March 2012 and confirmation thereof communicated to the MEMBER in a benefit statement. CATEGORY A MEMBERS may select no RISK BENEFITS insurance cover.

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1.6. With effect from 1 March 2012, in respect of CATEGORY C MEMBERS, the amount of DEATH RISK BENEFIT or ILL-HEALTH RISK BENEFIT will depend on the category of cover selected by the MEMBER in terms of the RISK BENEFITS SCHEDULE. If prior to 1 March 2012 the MEMBER exercised an option to change RISK BENEFITS categories, the benefit as selected by the MEMBER and confirmation thereof communicated to the MEMBER in a benefit statement.

2. Definitions

Where the definitions in this SCHEDULE differ from the definitions in the RULES, the definitions in this SCHEDULE shall apply to the RISK BENEFITS.

CATEGORY A1 MEMBER: A CATEGORY A MEMBER who became a MEMBER of the FUND after 1 March 2012. A CATEGORY A MEMBER who became a MEMBER prior to 1 March 2012 and who elected to be a CATEGORY A1 MEMBER.

CATEGORY A2 MEMBER: A CATEGORY A MEMBER who became a MEMBER prior to 1 March 2012 and who elected to be a CATEGORY A2 MEMBER and confirmation thereof was communicated to the MEMBER in a benefit statement.

CATEGORY A3 MEMBER: A CATEGORY A MEMBER who became a MEMBER prior to 1 March 2012 and who elected to be a CATEGORY A3 MEMBER and confirmation thereof was communicated to the MEMBER in a benefit statement.

CATEGORY A0 MEMBER: A CATEGORY A MEMBER who elected to be entitled to no DEATH RISK BENEFIT and ILL-HEALTH RISK BENEFIT. The member will qualify to receive FUNERAL BENEFIT as provided for in this SCHEDULE and the RULES;

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CATEGORY A00 MEMBER: A CATEGORY A MEMBER who is not entitled to any RISK BENEFITS, this includes no DEATH RISK BENEFIT, ILL-HEALTH RISK BENEFIT and FUNERAL BENEFIT.

CATEGORY C1 MEMBER: A CATEGORY C MEMBER who has elected CATEGORY C1 RISK BENEFITS in this SCHEDULE

CATEGORY C3 MEMBER: A CATEGORY C MEMBER who has elected CATEGORY C3 RISK BENEFITS in this SCHEDULE

CATEGORY C5 MEMBER: A CATEGORY C MEMBER who has either elected CATEGORY C5 RISK BENEFITS as provided for in this SCHEDULE or a CATEGORY C MEMBER who has not elected a risk cover option on his/her application form (default option)

CATEGORY C0 MEMBER: A CATEGORY C MEMBER who has elected to be entitled to have zero DEATH RISK BENEFIT and ILL-HEALTH RISK BENEFIT, but who will be entitled to the FUNERAL BENEFIT.

CATEGORY D-MEMBER: A MEMBER who has elected not to be insured for or to receive DEATH RISK BENEFIT and ILL-HEALTH RISK BENEFIT . A FUNERAL BENEFIT will be payable as provided in the RISK BENEFITS SCHEDULE.

CATEGORY E MEMBER: For the provision of RISK BENEFITS a CATEGORY E MEMBER will only be those CATEGORY E MEMBERS who were a member of the National Pension Fund for Municipal Workers immediately prior to 1 July 2015, who are a contributing MEMBER and who are not also either a CATEGORY A or CATEGORY C MEMBER of the FUND.

EXTENDED FAMILY MEMBER: in regard to a MEMBER means for the purpose of FUNERAL BENEFIT, an additional spouse who is not a QUALIFYING SPOUSE, provided that the;

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(a) additional spouse is nominated in writing to the FUND by the MEMBER; and

(b) the MEMBER is joined in MARRIAGE with the additional spouse; and

(c) once an additional spouse with whom the MEMBER is joined in MARRIAGE has been nominated, the nomination remains in force as long as the MEMBER is joined in MARRIAGE with the relevant SPOUSE.

FAMILY MEMBER: in regard to a MEMBER means –

(a) a QUALIFYING SPOUSE; and

(b) a QUALIFYING CHILD; and

(c) an EXTENDED FAMILY MEMBER.

MARRIAGE means –

(a) a marriage or union in accordance with the Marriage Act, 1961, the Recognition of Customary Marriages Act, 1998 or the Civil Union Act, 2006 or the tenants of a religion; or

(b) a union where two people are living together as if married, with the commitment of continuing to do so permanently provided that:

- they have been doing so for at least six months;
- in the format prescribed by the FUND from time to time, they successfully applied in writing to the FUND, before the death of any one of them, for their union to be registered by the FUND; and
- one or both of them are not joined in a marriage or union as contemplated in paragraph (a) above.

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QUALIFYING CHILD: in regard to a MEMBER or his SPOUSE means his unmarried child which includes a legally adopted child, stepchild, a foster child and a posthumous child, provided that-

(a) the child is under the age of 21 years; or

(b) if the child is 21 years or older, but under the age of 26 years, such child is a full-time student at an educational institution; or

(c) if the child is incapacitated by a physical or mental infirmity form maintaining himself such incapacity commenced when the child was either under the age of 21 or under the age of 26 while a full-time student at an educational institution.

For the purposes of this definitions-

(i) Stepchild means a child who is the biological child of the MEMBER' QUALIFYING SPOUSE, which child was born from a previous relationship between the QUALIFYING SPOUSE and a person other that the MEMBER.

(ii) Foster child means a child placed in foster care as envisaged in terms of applicable legislation

(iii) Adopted child means a child formally adopted in terms of applicable legislation

(iv) A posthumous child means a biological child of the MEMBER, born after the death of the MEMBER.

QUALIFYING SPOUSE: in regard to a MEMBER means for the purpose of FUNERAL BENEFIT, the person with whom she/he is joined in MARRIAGE, provided that such person at the time of qualifying for the FUNERAL BENEFIT has already reached the age of 15 years and is not yet 75 years of age. If a MEMBER is joined in MARRIAGE with two or more persons, QUALIFYING SPOUSE means-

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(a) only that one of them whom the MEMBER nominated in writing to the FUND during the person's life

(b) if the MEMBER has failed to nominate only one as provided for in (a) above, only the one with whom the MEMBER has joined in MARRIAGE first.

3. ILL-HEALTH RISK BENEFIT in terms of RULE 6.2.2

The ILL-HEALTH RISK BENEFIT the MEMBER will qualify for will depend on the CATEGORY of MEMBERSHIP elected by the MEMBER as well as the information provided to the FUND.

The following RISK BENEFITS CATEGORIES of MEMBERS will be entitled to the following ILL-HEALTH RISK BENEFIT:

CATEGORY of MEMBER	ILL-HEALTH RISK BENEFIT
CATEGORY C1 MEMBER	a lump sum of 1 x annual REMUNERATION
CATEGORY C3 MEMBER	a lump sum of 3 x annual REMUNERATION
CATEGORY C5 MEMBER	a lump sum of 3 x annual REMUNERATION
CATEGORY C0 MEMBER	No ILL-HEALTH RISK BENEFIT
CATEGORY D MEMBER	No ILL-HEALTH RISK BENEFIT
CATEGORY A1 MEMBER	lump sum of 1 x REMUNERATION



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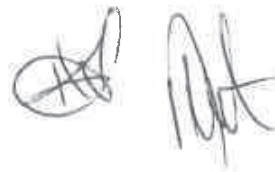
CATEGORY A2 MEMBER	lump sum of 2 x REMUNERATION
CATEGORY A3 MEMBER	lump sum of 3 x REMUNERATION
CATEGORY A0 MEMBER	NO ILL-HEALTH RISK BENEFIT
CATEGORY A00 MEMBER	NO ILL-HEALTH RISK BENEFIT
CATEGORY E MEMBER	Lump sum of 3 x REMUNERATION

If the ILL-HEALTH RISK BENEFIT is self-insured by the FUND the payment of such ILL-HEALTH RISK BENEFIT shall be subject to any terms, conditions, restrictions, and exclusions the BOARD may impose from time to time and as set out in the protocol adopted by the BOARD. The ILL-HEALTH RISK BENEFIT will only become payable by the FUND once the claim for the ILL-HEALTH RISK BENEFIT has been approved by the BOARD.

If the FUND insures the ILL-HEALTH RISK BENEFIT with an INSURER, the payment of the ILL-HEALTH RISK BENEFIT shall be subject to any terms, conditions, restrictions, exclusions and underwriting conditions the INSURER may impose from time to time and as set out in the POLICY OF INSURANCE issued by the INSURER. The ILL-HEALTH RISK BENEFIT will only become payable by the FUND once the claim for the ILL-HEALTH RISK BENEFIT was approved and paid by the INSURER to the FUND.

4. DEATH RISK BENEFIT in terms of RULE 7.1.2

The DEATH RISK BENEFIT the MEMBER will qualify for will depend on the CATEGORY of MEMBERSHIP elected by the MEMBER as well as the information provided to the FUND.




The following RISK BENEFITS CATEGORIES of MEMBERS will be entitled to the following DEATH RISK BENEFIT:

CATEGORY of MEMBER	DEATH RISK BENEFIT
CATEGORY C1 MEMBER	a lump sum of 1 x annual REMUNERATION
CATEGORY C3 MEMBER	a lump sum of 3 x annual REMUNERATION
CATEGORY C5 MEMBER	a lump sum of 5 x annual REMUNERATION
CATEGORY C0 MEMBER	No DEATH RISK BENEFIT
CATEGORY A1 MEMBER	lump sum of 1 x REMUNERATION
CATEGORY A2 MEMBER	lump sum of 2 x REMUNERATION
CATEGORY A3 MEMBER	lump sum of 3 x REMUNERATION
CATEGORY A0 MEMBER	NO DEATH RISK BENEFIT
CATEGORY A00 MEMBER	NO DEATH RISK BENEFIT
CATEGORY D MEMBER	NO DEATH RISK BENEFIT
CATEGORY E MEMBER	Lump sum of 5 x REMUNERATION

If the DEATH RISK BENEFIT is self-insured by the FUND the payment of such DEATH RISK BENEFIT shall be subject to any terms, conditions, restrictions, and exclusions the BOARD may impose from time to time and as set out in the protocol adopted by the BOARD. The DEATH RISK BENEFIT

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will only become payable by the FUND once the claim for the DEATH RISK BENEFIT has been approved by the BOARD.

If the FUND insures the DEATH RISK BENEFIT with an INSURER, the payment of the DEATH RISK BENEFIT shall be subject to any terms, conditions, restrictions, exclusions and underwriting conditions the INSURER may impose from time to time and as set out in the POLICY OF INSURANCE issued by the INSURER. The DEATH RISK BENEFIT will only become payable by the FUND once the claim for the DEATH RISK BENEFIT was approved and paid by the INSURER to the FUND.

5. FUNERAL BENEFIT FOR CATEGORY C MEMBERS AND CATEGORY D MEMBERS

FUNERAL BENEFIT payable in the event of the death of a MEMBER, SPOUSE of a MEMBER, LIFE PARTNER of a MEMBER, QUALIFYING CHILD, and EXTENDED FAMILY MEMBER

From 1 July 2019 all **CATEGORY C MEMBERS** and **CATEGORY D MEMBERS** and their qualifying **FAMILY MEMBERS**, are covered for the following **FUNERAL BENEFIT**:

FAMILY MEMBER	FUNERAL BENEFIT
Main MEMBER:	R48 500
QUALIFYING SPOUSE/LIFE PARTNER:	R48 500
QUALIFYING CHILD 6 years and older [above 21 years of age a child must be a full time student, unmarried and or disabled]:	R24 250



QUALIFYING CHILD from 26 weeks of pregnancy until 6 years:	R11 000
EXTENDED FAMILY MEMBER	R48 500

The QUALIFYING SPOUSE must be older than 15 and younger than the age of 75 when the MEMBER joins the FUND to qualify for the FUNERAL BENEFIT.

6. FUNERAL BENEFIT FOR CATEGORY A MEMBERS

FUNERAL BENEFIT payable in the event of the death of a MEMBER, SPOUSE of a MEMBER, LIFE PARTNER of a MEMBER, QUALIFYING CHILD, and EXTENDED FAMILY MEMBER

CATEGORY A00 MEMBERS and their FAMILY MEMBERS are not covered for FUNERAL BENEFIT.

CATEGORY A MEMBERS, and their qualifying FAMILY MEMBERS, who are CATEGORY A1, CATEGORY A2, CATEGORY A3 and CATEGORY A0 MEMBERS are covered for the following FUNERAL BENEFIT:

FAMILY MEMBER	FUNERAL BENEFIT
Main MEMBER:	R 11 500
QUALIFYING SPOUSE:	R 11 500
QUALIFYING CHILDREN:	R 4 700
EXTENDED FAMILY MEMBER:	R 11 500

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The QUALIFYING SPOUSE must be older than 15 and younger than the age of 75 when the MEMBER joins the FUND.

7. GENERAL

All RISK BENEFITS will cease when a MEMBER ends service or reaches the age of 65.

No RISK BENEFITS will be payable where no contributions were received from the LOCAL AUTHORITY for and on behalf of the MEMBER.

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