CONSOLIDATED RETIREMENT FUND FOR LOCAL GOVERNMENT

AMENDMENT NO. 1

Decision

The BOARD OF TRUSTEES resolved at the meeting of the TRUSTEES held at Bellville on 6 June 2024 that the RULES of the FUND are amended as follows:

1. Amend Rule 5(1)(a) as follows:

(a) words and expressions defined in RELEVANT LEGISLATION and not in the RULES, shall bear the meanings assigned to them in that legislation.

2. Amend the definition of DEFERRED MEMBER as follows:

MEMBERS, including paid-up MEMBERS, whose contributions have terminated due to leaving the service of the EMPLOYER because of resignation or retirement, leaving in the FUND their MEMBER SHARE or any part thereof including but not limited to the retirement component, or MEMBERS who did not complete the relevant withdrawal form prescribed by the FUND;

3. Amend Rule 22(2) as follows:

(2) when MEMBERS terminate their membership of the FUND in terms of the RULES;

4. Amend Rule 23(1) as follows:

(1) The Member Share Account comprises all the MEMBERS' SHARES. Except as set out below, the MEMBER SHARE of contributing MEMBERS will from 1 September 2024 comprise a savings component, a retirement component and a vested component as defined in RELEVANT LEGISLATION.

CONTRIBUTING MEMBERS WHO WERE NOT 55 YEARS OR OLDER ON 1 MARCH 2021

Contributions and other credits to the Member Share Account received for the month of September 2024 and thereafter will be allocated as follows:

- One-third of the net contribution will be allocated to the savings component; and
- Two-thirds of the net contribution will be allocated to the retirement component.

A one-off allocation of 10% (ten percent) of the MEMBER SHARE as at 31 August 2024, with a maximum of R30 000 (Thirty Thousand Rand), will be allocated to the savings component on 1 September 2024.

CONTRIBUTING MEMBERS WHO WERE 55 OR OLDER ON 1 MARCH 2021

Contributions and other credits to the Member Share Account will continue to be allocated to the vested component until a withdrawal is applied for in terms of RULE 45(1). After such withdrawal was granted, contributions and credits to the Member Share Account will thereafter be allocated to the savings and retirement components on a one-third, two-thirds basis respectively.

A one-off allocation of 10% (ten percent) of the MEMBER SHARE as at 31 August 2024, with a maximum of R30 000 (Thirty Thousand Rand), will be allocated to the savings component on receipt of the first application for a withdrawal referred to in RULE 45(1).

5. Amend Rule 23(1)(b)(viii) and (ix) and add (x) as follows:

(viii) tax payable in respect of any payments;

(ix) any shortfall of all or part of the costs associated with the RISK BENEFITS; and

(x) withdrawals from the savings component which will be taxed in terms of RELEVANT LEGISLATION.

6. Amend Rule 28 as follows:

Additional contributions to the FUND may be made on an annual or monthly basis which will be allocated in accordance with RELEVANT LEGISLATION.

7. Insert the following paragraph before the last paragraph and amend the last paragraph of Rule 35 as follows:

The retirement component of the MEMBER SHARE may only be paid in the form of an annuity. The vested component will be paid in terms of the FUND rules that existed before 1 September 2024.

MEMBERS will be able, subject to RELEVANT LEGISLATION, to transfer their benefits or part thereof out of the FUND or to become DEFERRED MEMBERS and leave their MEMBER SHARE or part thereof in the FUND.

8. Amend the first paragraph of Rule 38 as follows:

After MEMBERS have attained the age of 55 (fifty-five) years, they may be required by the EMPLOYER to retire and in such an event such MEMBERS shall be granted a retirement benefit subject to RELEVANT LEGISLATION calculated as follows, unless as agreed otherwise as set out below:

9. Amend the word 'RELATIVE' to 'RELEVANT' in Rule 39.

10. Amend the first paragraph of Rule 40(1) as follows:

(1) At receipt of the MEMBER's retirement benefit, the MEMBER may elect that the benefit, or a portion thereof, be transferred to either one or both of the following options, subject to RELEVANT LEGISLATION:

11. Insert Rule 45 (1) as follows:

(1) **SAVINGS WITHDRAWAL BENEFIT**

A contributing MEMBER may, subject to RELEVANT LEGISLATION and conditions imposed by the FUND, from 1 September 2024 withdraw an amount once per tax year from the savings component of the MEMBER SHARE. Withdrawals will be limited to the amount in the savings component and may not be lower than R2 000 (Two Thousand Rand).

12. Renumber the existing Rule 45 to Rule 45(2) and amend the first paragraph as follows:

(2) **WITHDRAWALS ON TERMINATION OF MEMBERSHIP**

On leaving SERVICE for any reason, MEMBERS' SHARES or part thereof will become payable to such MEMBERS subject to RELEVANT LEGISLATION. Any benefit will only be paid or transferred after receipt of the MEMBER's withdrawal form. Until such time as the FUND is in receipt of the FUND's relevant prescribed fully completed withdrawal form, signed by the MEMBER and the EMPLOYER, instructing the FUND which payment option is chosen, such MEMBERS will be regarded as paid-up MEMBERS. The FUND will make COUNSELLING and financial advice available to such MEMBERS, or the MEMBERS may make use of the financial advisers appointed by themselves.

13. Amend the first paragraph of Rule 47 and Rule 47(1) as follows:

If a MEMBER's SERVICE is terminated owing to a reduction of staff, reorganisation, the abolition of his/her post in order to effect improvements in efficiency, or employment equity, on receipt of advice from the EMPLOYER, he/she shall, subject to RELEVANT LEGISLATION, become entitled to a benefit comprising the following:

(1) the MEMBER SHARE or part thereof; plus

14. Amend the first line of Rule 48(1) as follows:

(1) MEMBERS may elect to preserve their benefits or part thereof subject to RELEVANT LEGISLATION:

15. Amend Rule 49(1)(a) to read as follows:

(a) the FUND may allow members from other APPROVED or REGISTERED FUNDS to transfer to the FUND, subject to conditions as determined by the FUND and RELEVANT LEGISLATION from time to time; and

16. Amend Rule 50(1)(d) to read as follows:

(d) the provisions of RELEVANT LEGISLATION will be complied with.

17. Amend the first paragraph of Rule 52, Rule 52(1) and Rule 52(4) as follows:

Subject to RELEVANT LEGISLATION MEMBERS' benefits will accrue to them upon receipt of their withdrawal forms and such MEMBERS may elect to leave their retirement benefits or part thereof in the FUND and as such become DEFERRED MEMBERS.

The following provisions shall apply to DEFERRED MEMBERS:

(1) The MEMBER SHARE or part thereof will be retained in the Member Share Account;

(4) The deferred retirement benefit will become payable subject to RELEVANT LEGISLATION upon receipt by the FUND of the DEFERRED MEMBER's completed withdrawal form as set out in RULE 45 signed only by the MEMBER; and

18. Amend Rule 53(3) as follows:

(3) Any benefit payable in terms of these RULES shall be subject to RELEVANT LEGISLATION.

19. Amend Rule 54(1) and 54(2) as follows:

(1) The FUND may, subject to the provisions of RELEVANT LEGISLATION, the law and the RULES, deduct or withhold certain amounts from the benefit to which a MEMBER or BENEFICIARY is entitled.

(2) The total amount so deducted or withheld shall not exceed the amount of the MEMBER SHARE of the MEMBER or the BENEFICIARY in terms of the RULES and RELEVANT LEGISLATION.

20. Amend Rule 55(1) as follows:

(1) Benefits payable to a MEMBER, pensioner or BENEFICIARY shall be due and payable the day after the date of the exit event subject to RELEVANT LEGISLATION.

21. Amend Rule 56(3) as follows:

(3) The amount of the benefit shall consist of the amount held in the Unclaimed Benefit Account, the Pension Preservation Fund, together with any interest thereon less costs and will be paid subject to RELEVANT LEGISLATION.

22. Amend the third paragraph of Rule 65 to read as follows:

Such amount shall in consultation with the MEMBER and subject to RELEVANT LEGISLATION either be paid to the MEMBER with regard to the vested component and the savings component or be invested in an approved Provident Preservation Fund, an approved Retirement Annuity Fund or any other fund that has been approved by the AUTHORITY. The retirement component of the MEMBER SHARE must be invested in an annuity subject to RELEVANT LEGISLATION.

23. Amend Rule 71 to read as follows:

71. In the event of the disassociation of an EMPLOYER, the MEMBERS' MEMBER SHARE and/or value in the Preservation Pension Account, after the costs of the termination of the EMPLOYER have been taken into account shall be paid in terms of Rule 65 and RELEVANT LEGISLATION or on election by the MEMBER, such benefit shall be transferred to the new fund of the EMPLOYER, to an approved Provident Preservation Fund, and approved Pension Preservation Fund or an approved Retirement Annuity, unless the EMPLOYER and the MEMBERS have specifically agreed that such benefits will be wholly transferred to the fund of the EMPLOYER.

Effective Date

1 September 2024

Certification

The amendments and approval thereof were done in terms of the Rules of the Fund.

Signed at Bellville on this 6th day of June 2024.

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CHAIRMAN

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TRUSTEE

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PRINCIPAL OFFICER

Certification by Actuary

I hereby certify that this amendment is financially sound.

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ACTUARY

Sean Neethling

6 June 2024

DATE

REGISTERED in terms of
Pension Fund Act No. 24 of 1956

20 AUG 2024

FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY

The reasons for the amendments are as below. The intention of the total amendments is to comply with the intended legislation creating the vested, savings and retirement components of the member share and allowing withdrawals whilst a person remains in employment. The numbers below correspond with the requested rule amendment:

1. This amendment is necessary to bring the definitions in the intended legislation within the purview of the rules.
2. This is necessary to comply with the legislation which allows that part of the benefit (savings component) may be withdrawn by a member.
3. This amendment is necessary as withdrawals before leaving the service of an employer are now allowed whereas previously withdrawals could only be paid on resignation or retirement of a member. Membership however ceases only on termination of membership.
4. This amendment is needed to create the different components of the member share as required by the intended legislation, to set out the position of members who were 55 years of age or older on 1 March 2021, how the contribution will be divided and how the savings component will be established to allow the first withdrawal from 1 September 2024.
5. This amendment allows for the member share to be reduced due to a withdrawal.
6. This amendment deals with voluntary contributions from members and the allocation thereof.
7. This amendment is to comply with the intended legislation how the retirement component must be dealt with on retirement and how the vested component will be dealt with.
8. This amendment is to ensure compliance with the intended legislation regarding early retirement.
9. This will ensure that the intended legislation be complied with in respect of late retirement.
10. This makes the intended legislation applicable to normal retirement.
11. This allows the savings withdrawals, that the Fund may prescribe a procedure and forms and that the minimum withdrawal be R2000. The initial maximum withdrawal is already contained in amendment 4.
12. This amendment will bring resignation and retirement within the rules of the intended legislation.
13. This amendment ensures compliance with the intended legislation on reduction of staff or retrenchment.
14. Ensures compliance in respect of the preservation of benefits.
15. This ensures compliance in respect of transfers to the Fund.
16. This ensures compliance in respect of transfers from the Fund.
17. Refers to compliance regarding deferred members.

18. This is an all-encompassing requirement that legislation must be complied with regarding all and any payments.

19. This ensures compliance regarding the deduction and withholding of payments.

20. This is to ensure that the day of vesting of the benefits complies with the legislation.

21. This is to ensure compliance when unclaimed benefits are paid.

22. This refers to only the savings component that could be paid out on liquidation of the fund. As the Fund is entitled due to its paragraph (a) status in terms of the Income Tax Act (public sector fund) to pay retirement benefits as a lump sum on withdrawal from the Fund, the vested component, which is payable in terms of the existing rules is also applicable.

23. On disassociation from the Fund, the same applies regarding the vested component as set out in 22.