

**CONSOLIDATED RETIREMENT FUND FOR LOCAL GOVERNMENT
AMENDMENT NO. 2**

1. Amend Rule 1(3) to change the effective date to 1 November 2023.

2. Amend Rule 8(1)(c) to read as follows:

(c) failing to attend 2 (two) BOARD OF TRUSTEES meetings or 3 (three) BOARD OF TRUSTEES sub-committee meetings during a financial year of the FUND, without having been granted leave of absence.

3. Delete the word "and" in Rule 24(1)(d)(i)(dd).

4. Replace Rule 24(1)(d)(i)(ee) and insert Rule 24(1)(d)(i)(ff) as follows:

(ee) transfers from the Data Reserve Account; and

(ff) the investment earnings on the assets underlying this account.

5. Delete the word "and" in Rule 24(2)(a)(iv).

6. Replace the full stop in Rule 24(2)(a)(v) with a semicolon and add the word "and" after the semicolon.

7. Insert Rule 24(2)(a)(vi) as follows:

(vi) transfers from the Data Reserve Account.

8. Amend Rule 24(2)(b)(ii) as follows:

(ii) transfers to the Pensions Account, the Risk Reserve Account, the Preservation Pension Account, the Living Annuity Account, the Beneficiary Account, the Expense Reserve Account and Data Reserve Account;

9. Amend the Rule 24(3)(b) as follows:

(i) all FUND EXPENSES;

(ii) transfers to the Processing Reserve Account; and

(iii) transfers to the Risk Reserve Account.

10. Insertion of Rule 24(4) as follows:

(4) Data Reserve Account

The Data Reserve Account has been established to absorb strains caused by erroneous data and other unforeseen contingencies. The following transactions shall be recorded in the Data Reserve Account:

(a) Credits

- (i) an opening balance as determined by the BOARD OF TRUSTEES in consultation with the ACTUARY;
- (ii) investment earnings on the assets underlying this account; and
- (iii) special transfers from the Processing Reserve Account as determined by the BOARD OF TRUSTEES in consultation with the ACTUARY.

(b) Debits

- (i) negative investment earnings on the assets underlying this account; and
- (ii) special transfers to the Processing Reserve Account and/or Risk Reserve Account as determined by the BOARD OF TRUSTEES in consultation with the ACTUARY.

11. Add the following at the end of to Rule 40(1)(b)(i):

If the pensioner dies during the guarantee period, the pension will be paid for the remaining period of the guarantee to the ELIGIBLE SPOUSE or, if there is no ELIGIBLE SPOUSE, to the person or persons that were nominated by the pensioner. Such nomination must contain the name, identity number, address and other tracing detail as may be required by the FUND regarding the nominees, as well as the portion allocated to them. If no such nomination is received, the FUND will distribute the benefit, at its discretion, to the estate of the pensioner or in terms of the rules of intestate succession.

12. Add the following after the word "pensioner" in the last sentence of Rule 40(1)(b)(ii):

[pensioner], except as set out in (i) above during the guarantee period.

13. Replace Rule 40(1)(b)(iii) with the following:

- (iii) Whether, after the last payment of the PENSION, including any ELIGIBLE SPOUSE'S PENSION and/or guarantee term benefit in terms of Rule 40(1)(b)(i), has been made or if there is no PENSION payable, a lump sum as calculated by the Actuary is payable of the excess, if any, of the amount transferred from the MEMBER SHARE less pensions paid. No interest shall be added to the amount transferred from the MEMBER SHARE or the pensions paid for the purpose of the calculation of the benefit in terms of this rule. If such amount is payable to the person or persons nominated by the pensioner, such nomination must contain the name, identity number, address and other tracing detail as may be required by the FUND regarding the nominees, as well as the portion allocated to them. If no such nomination is received, the FUND will distribute the benefit, at its discretion, to the estate of the pensioner or ELIGIBLE SPOUSE or in terms of the rules of intestate succession.

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

65. The savings and vested component of the allocated MEMBER SHARE shall, in consultation with the MEMBER, and subject to RELEVANT LEGISLATION, either be paid to the MEMBER or, by choice of the MEMBER, transferred to an approved Pension Fund, Provident Preservation Fund or any other fund as approved by the AUTHORITY. The retirement component of the MEMBER SHARE must be transferred to an approved Pension Fund, Provident Preservation Fund or any other fund as approved by the AUTHORITY. If the MEMBER is retiring at the liquidation of the Fund, the retirement component may be transferred as above or to an annuity.

Effective Date

To be determined.

Certification

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

Signed at Bellville on this 10th day of October 2024



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CHAIRMAN



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TRUSTEE



.....
PRINCIPAL OFFICER

Certification by Actuary

I hereby certify that this amendment is financially sound.

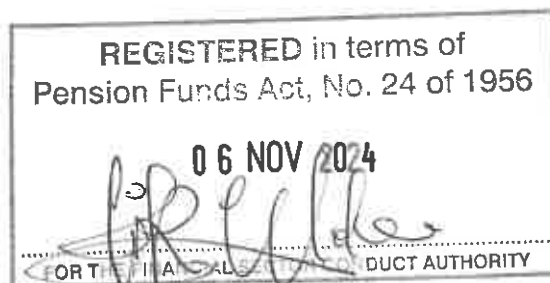


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ACTUARY

Sean Neethling

14 October 2024

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DATE



The reasons for the amendments are as below.

- 1.** This amendment is necessary as the consolidated revised Rules of the Consolidated Retirement Fund for Local Government ("the Fund") sent to Financial Sector Conduct Authority ("the FSCA") in early 2023 for approval referred to an effective date of 1 July 2023. However, there were delays in the approval of the Rules by the FSCA. On 27 October 2023 the FSCA approved the Rules. The effective date therein remained unchanged (i.e. 1 July 2023). Upon receipt of the approval letter from the FSCA, the Board of the Fund resolved that the effective date of the Rules be 1 November 2023 in light of the delay in the approval and the *Mudau v Municipal Employees Pension Fund and Others* 2023 (10) BCLR 1165 (CC) judgment.
- 2.** This amendment caters for instances where a Trustee is unable to attend consecutive meetings.
- 3.** The amendment is necessary to cater for the insertion of the subsequent sub-rule.
- 4.** This amendment is necessary to allow transfers from the Data Reserve Account to the Risk Reserve Account.
- 5.** The amendment is necessary to cater for the insertion of the Rule 24(2)(a)(vi).
- 6.** The amendment is necessary to cater for the insertion of the Rule 24(2)(a)(vi).
- 7.** This amendment allows transfers from the Data Reserve Account to the Processing Reserve Account.
- 8.** This amendment allows transfers from the Processing Reserve Account to the Data Reserve Account.
- 9.** This amendment is necessary to allow for transfers from the Expense Reserve Account to the Risk Reserve Account.
- 10.** The Fund previously had a Data Reserve Account defined in its rules and has always operated a Data Reserve Account. The Data Reserve Account was removed in a previous rule amendment in anticipation of zeroising the account. However, since the account has not been zeroised, it must be re-established.
- 11.** This amendment is necessary to provide clarity as to the pension payable if the pensioner dies during the guarantee period.
- 12.** This amendment relates to the insertion made in respect of Rule 40(1)(b)(i), being the exception to this subrule, with reference to the guaranteed period.
- 13.** This amendment is necessary to align the treatment of category A pensioners upon death to that of category B pensioners and living annuitants (Rule 44(1)(a)(iii)).
- 14.** On 16 August 2024 the Fund received a query in relation to the "two-pot" Rule Amendment application, specifically the amendment to Rule 65 and clarity was sought as to the meaning of the words '*retirement component of the MEMBER must be invested in an annuity subject to RELEVANT LEGISLATION*'. On 18 August 2024 the Fund submitted its response wherein it included the revised wording in respect of the third paragraph of Rule 65. Notwithstanding the revised wording, the FSCA approved the "two-pot" Rule Amendment based on the previous version. In light thereof, this amendment is necessary to align with the with the query raised by the FSCA in its letter dated 16 August 2024.